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# Credit World

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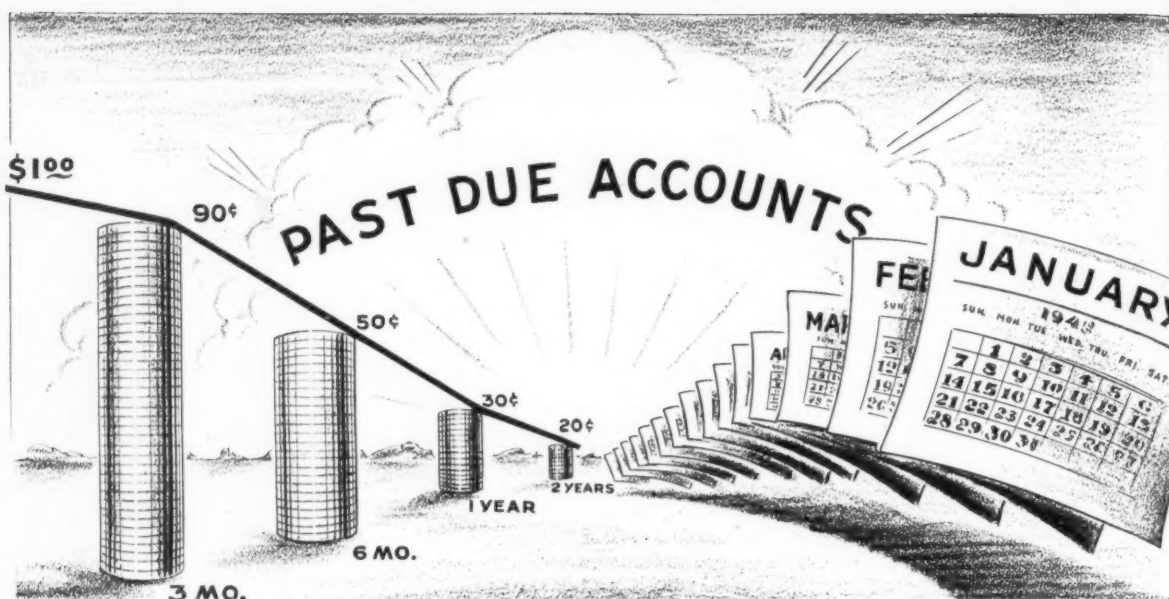


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Franklin D. Roosevelt

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# The CREDIT WORLD

L. S. CROWDER  
EDITOR



ARTHUR H. HERT  
ASSOCIATE EDITOR

VOL. 33



NO. 10

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## CONTENTS

Six Feature Articles		PAGE
When is a Credit Man a Valuable Executive . . .	D. Allyn Garber	4
The Gentle Art of Staying in Business . . .	Sam A. Ivey	5
Building Credit Sales . . .	Wm. Hoffman	6
Promotional Efforts to Improve Charge Business . . .	Dean Ashby	8
Journeynings of the General Manager . . .	L. S. Crowder	16
A Review of 1944 . . .	Research Division	18

Seven Other Highlights		PAGE
Credit Problems . . .		7
Credit Bureau Musts . . .		9
Annual Reports . . .		10
Amendment No. 16 to Regulation W . . .		14
National Membership Activities . . .		15
Credit Flashes . . .		20
Recent Elections . . .		21

Seven Departments		PAGE
Credit Department Letters . . .	Waldo J. Marra	22
Business Conditions and Outlook . . .	La Salle Extension	24
Monthly Credit Statistics . . .	Federal Reserve Board	25
The Credit Clinic . . .	Arthur H. Hert	26
Granting Credit in Canada . . .	J. H. Suydam	28
In the News . . .	Selected	30
Editorial Comment . . .	L. S. Crowder	32

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# WHEN is a Credit Man A Valuable Credit Executive?

D. Allyn Garber

THE ANSWER to the above question is—when a store realizes his importance sufficiently to make him one—in practice rather than in name only.

We know that in many stores the credit executive ranks among the tops—where his counsel is sought on all credit policies, advertising and promotion. We hope it will soon be the case in all stores.

In doing your postwar credit planning—a vital subject—is your credit man present at the management table? The greatly increased credit that must be extended, come peacetime, to maintain that 50 million plus employed, must be judiciously guided. So don't appraise lightly the one man closest to Johnnie Debtor, and knows when he is buying beyond his capacity to pay. On that one point may hang our national prosperity in the future.

Who knows your best customers and your customers best? The credit manager. He is the best judge of public reaction to your credit policy, its acceptance or rejection. He is the first to discover customer complaints and most of the reasons that cause complaints.

He knows the credit buying habits of the public and just how your credit advertising should be timed. When it's fur coat season, he'll recommend promoting the lay-away or instalment terms; and around Christmas time to promote open charge accounts—he'll help the sane planning of sales volume in terms of cash, charge instalment and lay-away, because he has the basic information as to how and when credit sales promotion programs should be instituted.

With the vastness of the subject of credit for coming days, there will likely be needs for change in types of credit in your store—and whether needs or not there will be temptations. And let it be remembered that the wrong type of credit can change the character of a store. The credit manager has (or should have) his hand closer to the pulse of your business than most other executives. His judgment should be highly appraised regarding the overall effect the promotion of the 90 day plan—coupon books—budget charge accounts—will have on the store generally, or whether such plans are advisable from the store's viewpoint.

The counsel of the credit manager is valuable concerning the media of credit sales promotion—newspaper, radio, direct mail, internal and personal outside solicitation. He knows the rate of turnover of receivables under varying circumstances, which affect the capital require-

**D. ALLYN GARBER** is Vice-President and Editor of the DEPARTMENT STORE ECONOMIST. This editorial, reprinted here with permission, appeared in their May issue. It was received too late to be included in the June CREDIT WORLD.

ments of the business. He can help set up a sensible terms policy, based on customer acceptance and convenience, seasonability and obsolescence of merchandise, instead the too frequent blind competition with other merchants.

Who acts as the balance wheel and prevents a heavy rise in bad debt losses when enthusiastic advertising of too liberal credit terms brings droves of unprofitable applicants to your store? In these rash cases it is the credit manager who sifts the wheat from the chaff—and when a credit department then has to decline from 25 to 50 per cent of the credit applicants, who is a better judge as to the credit advertising of the store than the credit manager?

Give your credit department the vote of freedom to minimize the loss of profitable business; to accentuate the obtaining of profitable volume and to collect the slow troublesome accounts in a manner that educates the public to an appreciation of good credit and retains their good will that caused them originally to open an account with your store. *But to accomplish these objectives you must consider the credit manager as a major part of your store's executive staff and not as a nonproducing department.*

The credit and collection structure has passed through many rises and falls in our national economy during the past 25 years with flying colors. Credit managers know the sound policies that have made credit extension a great factor in creating America's high standard of living. Let them be the key men in outlining your credit and collection policies post-European and post-Japanese war, and you won't have to worry about another Regulation W or some other sort of Federalized credit.

Consider the credit department as the watchdog of accounts receivable. Then ponder merely the cold dollar responsibility of that job compared with that of inventory. Does the credit manager in your store get relative recognition? Yes, he does in many stores—but not in enough stores, in our opinion.

Are you consulting him or having him attend all meetings where the experience of the credit and collection department has an important bearing? *Do you send your credit manager to State, District and National conferences?* Do you give him the expense money to visit outstanding stores in other cities? He will bring back many beneficial ideas by an interchange of views with credit executives throughout the country.

Finally—the credit department is really the hub of your public relations. And we are not overlooking the tremendous importance of your training department. Customers most frequently overlook or forget a discourteous or poor servicing salesperson, but most men and women are more touchy about the handling of their credit than any other business or social relationship. *Through ethical treatment of credit and collection problems, the credit manager can help broaden the patronage and increase the profits of any store.* ★★★

# The Gentle Art Of Staying in Business

Sam A. Ivey

**YOU DO NOT** solicit accounts to get new business. You solicit accounts to take the place of the business that you lose. You are probably sending out the same number of statements each month that you always have. Check your postage bill for one year ago, and see if it was smaller than it is now.

Some of you do not solicit any accounts, with the exception of the ones that are paid up, and the newcomers' list.

Some of you do not solicit at all, but are coasting along on the war boom. It is almost the end of the time. V-E day has come and gone, cut-backs are in the offing, and layoffs, even though temporary, are inevitable. If you want to stay in business, you will have to solicit customers.

The favorite alibi of credit executives is that they just do not have time to solicit accounts the way they know they should. If you do not take time, your employer will give you plenty of time, but without salary.

I know you do not solicit much, because I have never been solicited by any firm in Birmingham. I have made single purchases on credit at some of your stores, and those paid-up accounts have never been followed up. Why? I am spending my money someplace, for I never have any left. Do you want any of it?

Do not tell me that this is not the right time to solicit new business. It is always the right time! The people who have gone on a cash basis worry me. Instead of buying on credit accounts from me, they pay cash, and they might take their cash to your store.

Here are some of the ways you should solicit new business:

1. Newcomers
  - a. Welcome Wagon Service.
  - b. Daily Commercial Journal.
2. Volunteer Reports from Merchants Credit Association.
3. Paid-Up Accounts. Contract.
  - a. List of accounts to special department.
  - b. Direct mail by the advertising department.
4. Newspaper Advertising.
5. Radio Spot Announcing.
6. Inactive Open Accounts.
7. Others:
  - a. Cross-Index Telephone Book.
  - b. Merchants Credit Association Blue Book.
  - c. Checks.

**SAM A. IVEY** is Assistant Credit Manager, Pizitz Dry Goods Company, Birmingham, Ala. This thought-provoking article appeared in *THE CREDIT REPORTER*, the monthly bulletin in the Merchants Credit Association, Birmingham, Ala.

- d. Layaway.
- e. Fur Storage.
- f. C.O.D.'s.
- g. Mail Orders.
- h. Select list of employees to submit names.

These plans may be quite expensive, but they will pay for themselves by obtaining new business.

It may be necessary to hire other employees just to manage the plan you choose, but with war demands becoming smaller the employment situation will be less acute. Employees who left to take advantage of the high wages being paid in war industries will be returning to apply for their former positions, and inexperienced people will be demanding less money. A well trained individual who is capable of efficiently handling a solicitation department will easily pay his own salary and allow you to realize a profit.

The *CREDIT WORLD* for May tells of one firm that pays its cashier \$1.00 for each list of twenty-five names, from good neighborhoods, that she obtains from personal checks of \$10.00 or more that are cashed within the store. These are the people who have come into your store, and liked it enough to buy from you. It will be easier to get them back than to get someone who has never been in your store. A new prospect must be worth four cents to you.

Pick out a good street, not necessarily Gilt Edge Drive, but one that shows lots of home owners, from your cross index telephone book or city directory, secure a complete report from your Credit Bureau on the individuals for whom you have none, and the net result is additional business.

## Don't Sell America Short

One argument heard today is that if we solicit new customers, get them into our stores, and they find that we do not have a generous supply of the merchandise desired they will feel badly toward us. That is not true. Executives must quit selling the American people short. Your neighbors accept the shortages as gracefully as you do.

You, no doubt, have a number of customers on layaway plans to whom you would not sell on a monthly account basis, but a lot of them are safe credit risks. Women buy on layaway plans because they feel that they are being thrifty, and keeping within the limits of their budgets. However, the desire to get possession of the article in some instances gets the best of them. Do you have a credit report ready? A waiting account might well reduce your cancellations in the layaway department. Have you ever thought of the situation in that light?

If you disagree, and feel that business will keep coming into your door voluntarily, I would like to ask a favor. When you go bankrupt, would you let me go over your accounts? They would make a good list for solicitation!

★★★



# Building Credit Sales

Wm. Hoffman

**E**VERY RETAILER knows that the success of his business depends upon a sound store policy, that sales are the factor, that the most important asset any store can have is its customers, and that good organization is imperative.

It is necessary to employ friendly, interested people, if the store is to hold its favorable place and be progressive. A satisfactory job of developing people can be done through proper and patient training. The result will be the good organization that is vital to success. Be sure that your employees are loyal and worthy; that they possess understanding, courtesy, knowledge, and a desire to serve the public well, to the end that the reaction to your employees and to your store will be favorable. Faith and reputation can only be secured by meritorious performance. The most humble employee is either an asset or a liability. We are all wage earners, whether our position be that of janitor or the president of the store. We are all subject to, and depend absolutely upon, that greatest of all wage payers, the public.

Due to personnel problems, customers have not been accorded the courteous treatment and store services of prewar days, when they were made to feel that their accounts were not only welcome, but appreciated. This has been largely the fault of untrained personnel due to heavy turnover. There is no doubt but that many customers, both credit and cash, have been lost. Bringing those customers back into the fold should be considered the problem of the credit executive. This may be a difficult task, inasmuch as we have been building a huge reservoir of bitterness and discontent through our indifference. We have ignored the law of supply and demand, and the fitness of the person to the job.

## Salespeople's Attitude Displeasing

The attitude of many salespeople, not only in department and specialty stores but in every conceivable retail business, restaurant, cigar and drugstore, etc., has been displeasing. There is a lack of friendly atmosphere in the store, reluctance to serve the public or to accept suggestions. Employees are disinclined to action or exertion, boisterous, antagonistic, ungrateful and disagreeable. I fear that the courteous words "please," "thank you," and "you're welcome," have probably gone for the duration. These are a few reasons which make it difficult to rebuild at this time. Until these irregularities are corrected it will not be too easy to regain customer good will and progress in our endeavor to build credit sales.

However, there are still opportunities for new business possibilities, especially in active accounts. The cus-

**WM. HOFFMAN** is Credit Manager, The Stearn Co., Cleveland, Ohio. This is an address delivered at the second Retail Credit Clinic of the Cleveland Retail Credit Men's Company, The Cleveland Hotel, May 9, 1945, Cleveland, Ohio.

tomers who once were yours, and who have quit buying for some reason continue to purchase merchandise in other retail establishments. The inactive account should concern each one of us, as it is a problem with which we are constantly confronted. If old customers can be retained there will be less need to worry about attracting new ones. In this, however, the full cooperation of your entire personnel is required. Without the proper training and alertness of all members in your organization, efforts to revive accounts will be, to a large extent, to no avail.

## Some Reasons for Inactive Accounts

Some accounts become inactive through no fault of the store. A few are opened, used once or twice, and then disappear from the books. Ill will arising from misunderstanding in credit departments and merchandise adjustments is many times responsible for an inactive account. Credit letters should not be too drastic; endeavor to secure payment without pressing to the point where good will is destroyed. Concessions should sometimes be made to satisfy a customer in a merchandise adjustment although the request may be somewhat unreasonable. Well-drafted letters sent from time to time to dormant accounts are always appreciated by the recipient. They bring back, and reinstate, old charge customers, uncover many serious complaints which would not otherwise come to the management's attention, and give opportunity to make amends. Remember that highly profitable results can be secured by writing to inactive customers and persuading them to use their accounts again. Regardless of the type of account, you have an investment not to be neglected which will depreciate quickly unless given constant attention. Thought should be concentrated on young people, the customers of tomorrow, who like fashions and nice things. Every effort would be made to interest them in your store and account department so that they prefer to shop in it to any other store in town.

Radio is a most effective advertising instrument, when used in the promotion of credit sales. Today, it has an important place in the everyday life of the people. It reaches all classes of buyers, and has proved a profitable advertising medium for the retail trade. Radio is equally good for selling and retail credit publicity, and offers a splendid opportunity to stimulate the building of credit sales. A spot should be allotted occasionally to inform the public that charge accounts are welcome, and appreciation should be expressed to active customers for the business with which they are favoring your store.

It is most important to devise ways and means to develop new charge accounts. People want charge accounts because of the convenience they bring in shopping. A charge account tends to make the customer buy more in the store in which credit has been established and feel more favorable toward it. New accounts are always desirable. Enlist the help and recommendation of your present charge customer. Ask him to assist you in your endeavor to increase the number of charge accounts for



your store. With the statement you render on the first of the month, enclose a self-addressed, postage paid postcard requesting that your customer list the names of two or three of his friends or acquaintances whom he believes would like the privilege of a charge account as a convenience in shopping in your store. Inform him that you wish to write to these people, inviting them to open an account, and ask him to signify, in the space provided, if you may use his name.

Send a letter, enclosing a credit application form, in which you extend a personal invitation to the prospective charge patron. Tell him that his name has been given to you by Mr. Jones, who has an account in your store, (if Mr. Jones permits the use of his name), who believes that he would be interested in the convenience of a charge account with your store. Explain to your prospect the many advantages which a charge account offers, and that it facilitates matters for him when shopping by expediting the consummation of his purchase.

This type of new account promotion is very inexpensive, and you will find the results to be gratifying. A substantial number of replies may be anticipated, and good business will be secured for your store.

Encourage the opening of new charge accounts through the cooperation of your employees. Pay them cash awards, as an incentive, for every account accepted and opened by the credit department.

Names of prospective charge customers may be obtained from your own records, Cash, C.O.D., Will Call, Sales Slips, and the names on personal bank checks presented by your customers. These people are potential charge account prospects, as they shop in your store now. Schoolteachers' accounts are most acceptable. Promote them, profitable business may be assured. Subscribe to the new arrival service through the credit bureau. These are a few suggestions which should be helpful in your endeavor to increase your charge account business.

### **Customers Best Means of Advertising**

Keep yourself and your staff on their toes constantly. Never forget that the charge account customers of a store constitute its best means of advertising. Never miss a chance to accommodate customers who in turn will speak well of your services and recommend your store to their friends.

The most opportune time to sell your store is when interviewing an applicant for an account. Endeavor to make your applicant feel at ease. Be tactful so that the customer may not expect services which are not feasible to give, and let her know your desire to be of service. The visit should be in the nature of a social call, and frankness and consideration should be expressed in the most cordial terms, deliberation and ample time being offered for each customer. A pleasing personality and a good appearance are most important. A smile pays real dividends, and "thank you" brings good will. Make a favorable impression, as first impressions are always lasting. Remember, courtesy is the prime requisite of all customer contacts, and together with an attitude of business-like conduct, firmness and the spirit of cooperation will be extremely effective in the building of credit sales. ★★★

## **Credit Problems**

THE MOST IMPORTANT credit problems for retail business in 1945 are set forth below from various opinions expressed by retailers in answer to a recent country-wide survey on this subject:

1. Evaluating in terms of the future the paying ability of the customer, based on the extent of possible unemployment, magnitude of shifting population, and the whole question of the form of the economy.
2. Length of time and extent to which war production will continue and effects of conversion on war workers.
3. Changed credit attitude and judgment, if artificial credit guides removed.
4. Handling accounts of those on books who would not ordinarily have been given credit.
5. Credit in war towns.
6. Revaluation of certain charge accounts, such as curtailed production worker, returned servicemen, etc.
7. Giving to returning servicemen and servicewomen every consideration commensurate with ethical credit policies.
8. Correct appraisal of reconversion policies and trends, national and local, for effect on purchasing power and paying ability.

Probably the above problems could be summarized or condensed into the following five major headings:

- (A) Varied terms of unemployment.
- (B) Shifts in population.
- (C) Reduced incomes for many.
- (D) Proper sales and credit treatment of those returning from the Service.
- (E) Questions surrounding continued Government regulation and our future economy.

One thing certain, both credit and sales have had real leaves of absence from (and will have to face again) business actualities. Retail credit, in particular, has been held cheaply. It has been so easy to give that one's viewpoint for the future is likely to be too liberal. Scarce merchandise, Government rules and free paying customers are likely to have misled us or colored our ideas on the true value of credit.

The end of the German war poses certain credit problems, the end of the Japanese conflict still more, and the closer these two come together, though that will make us happier as human beings, it will at the same time make all the more difficult the resulting credit and economic situations. The more or less immediate problems may even turn out to be small alongside of those in the more distant days, i.e., those of the highest civilian production and the worst competition in history.

In the face of these factors, setting up definite credit policies today to anticipate the indefinite or unknown situations tomorrow is most difficult. Certainly the first important step toward constructive postwar credit thinking and action is a proper reorientation of viewpoint, from the artificial credit conditions of the war to the business actualities of the peace. Briefly, after this sojourn in Utopia, credit's next stop is earth.—W. H. Baldwin, *Vice-President of Credits for the United States and Canada*, General Motors Acceptance Corp., New York, N. Y. ★★★

# Promotional Efforts To Improve Charge Business

Dean Ashby

**S**TORE EXECUTIVES have come to recognize the fact that the credit department offers greater opportunities for promotion of additional business than any other section of the store. It is this department which is in constant touch with, and exercises the closest supervision over, the three most potential fields open to any store for the promotion of extra sales volume. These opportunities for increasing sales lie in the creation of additional buying on the part of active charge customers, the control of accounts to prevent them from becoming inactive, and the creation of new customers through the intelligent solicitation of new charge accounts.

Personalized direct mail advertising is second only to personal calls as the best and most effective means of promoting sales to a list of customers. The system must be highly selective, and can be utilized to gradually lift customers up into the purchase of a better class of merchandise. The mail advertising list is necessarily confined to customers whose characteristics are known, and should be taken from the records kept by the credit department.

When stores were small, the proprietor of the business knew his customers by name, knew their individual buying preferences, and catered to them. As stores grew larger the proprietor put himself in the background and lost all personal contact with his customers. We may ridicule many of the old practices of merchants of former days, but one thing could be brought back with profit; that is, personal contact and interest of the executive head of any business in his customers. Every merchant's list of best customers is his competitor's list of best prospects. It is true that a satisfied customer is a store's best advertisement. The value of friendship is recognized by every retailer, yet few have any means of getting closer to their customers and causing the satisfied customer to really function as an advertisement. Many retailers were content in the past to say that they were delivering quality merchandise, good value and satisfactory service. Some would say, "We have beautiful rest rooms," and others would say, "We refund money without argument." Those things are important, but they are not sufficient. As John Howie Wright has so aptly put it, "To me, I am the most important person in the world." So it is with the customer, his feelings, his desires, his credit, are all of first importance to him.

The cost of putting a new account on the records varies from \$3.00 to \$10.00. Analysts have reported that the average department store account is worth

\$362.00 per year. If these values mean anything to credit executives, what efforts are we making to make the new customer feel that we are interested in him to a very marked degree? In the first contact, make the customer feel at ease by learning of his immediate needs, and introducing him to the department head or some capable salesperson who will give him courteous service from the very start. Send the customer an acknowledgment letter the first day following the opening of the account, signed by either the head of the business or the credit executive, indicating the pleasure of having him use the service you render. When the first statement is sent, it should be accompanied by a letter from the credit executive indicating that he has noticed the patronage the customer has given him during the first month, and that he will follow with a great deal of interest the activity of the account in the future. When payment is made according to the required terms, the new account should be so signaled that it will be brought to the attention of the credit department. An acknowledgment of that first payment should be made by a letter congratulating the new customer on his prompt pay habits, and pointing out the fact that they build for a good credit record as well as a sound business principle. After such a procedure, the new customer does not doubt that you are vitally interested in him, and he will give you the maximum amount of patronage because of the personal interest shown during the early stages of his contacts with your store.

## Types of Inactive Accounts

The first type of inactive account that we should consider is the one that may show a certain amount of patronage each month, but only buys in a few departments in your store. Analysis in one store showed that 52% of the store's customers had made no purchases in the dress department for a period of nine months. A customer control campaign sold \$22,018.75 worth of dresses within a period of seven weeks at a selling cost of 1.8%. Another analysis disclosed that in 1943, 16% of the average store's customers bought 49% of the goods sold, 24% bought 29%, and 60% bought 22%. Customers will quit buying without explanation, without giving the management a chance to make good, and by talking about their grievances spread unfavorable publicity. It is obvious that the most costly thing in store operation is customer turnover.

It should be the duty of the credit department to keep an accurate and complete record of the accounts which have become inactive so that steps can be taken to prevent these accounts from becoming permanently inactive. Merchandising experts claim that the average store loses from 15% to 20% of its customers each year; therefore, each year, before an increase in business can be looked for a 15% to 20% deficit must be made up. Statistics show that out of every one hundred customers who quit a store, one is either dead or unaccounted for, five are influenced to trade elsewhere by friends, four-

**DEAN ASHBY** is Credit Manager, M. L. Parker Co., Davenport, Iowa. He was formerly a director of District 6 of the N. R. C. A. and at present is a director of the National Retail Credit Association representing District 6.

teen have unadjusted grievances (real or imaginary), three move beyond the store's trade area, nine buy elsewhere because of price, and sixty-eight drift away because of store indifference.

In order to get an immediate check on your inactive accounts, watch those accounts that have been paid in full during the month, and indicate no purchase during the last thirty days. Those statements should be withheld from the monthly mailing and given to the credit department to determine whether or not they are in good credit standing. If so, a letter accompanying the statement should be sent the customer indicating that the store has noticed that the account has not been used during the last month, and thanking him for the prompt manner in which he has always paid his account. The account is thus solicited in the earliest stages of inactivity at the time it is most subject to solicitation, because the customer has not had time to acquire definite buying habits elsewhere. As a result of this first contact when used by our store, thirty-two per cent of the customers who had become inactive used their accounts and were good active customers again.

There are various approaches that may be used to the other 68%, those who have not responded to the first appeal. A letter may be written to small balance accounts, those under \$2.00 encouraging them to make more frequent use of their accounts in the future. A letter enclosing a merchandise folder may be sent to a sixty-day inactive account and telephone calls are most effective when used on ninety-day inactive accounts. If no result is received, a second letter should be written, and when an account is from four to six months inactive, a third letter should be sent, enclosing a prepaid envelope asking for a reply explaining the inactivity. If no reply is received, the account is withdrawn from the solicitation file, thus clearing the records. For the sake of efficiency, it is always necessary to keep a record of costs of, and responses to, solicitation. When such a method was used in our store we were able to reduce our inactivity of accounts from a general average of from 15% to 20% per month to 6.45% per month. This indicates what can be done through a concentrated and systematic plan of appeal to customers each and every month.

When newcomers enter a community, a store automatically gains a prospective customer. The store's hostess may call at their home, leaving a card of introduction to the store's credit executive, and promising a gift upon presentation. The credit executive may take the application for credit, learn the customer's immediate needs, show him around the store, and introduce him to department heads and salespeople. Immediately after his visit an acknowledgment letter is sent to his home. New accounts may also be acquired from bank check signatures, newlyweds, paid up budget accounts, lay-aways, C.O.D.'s, cash sale deliveries, mail orders, teachers' directories, personnel recommendations from employees, and employee contests for new accounts turned in and used. After the account has been established, keep in constant personal contact with the customer through personal visits, letters, and telephone calls expressing appreciation. *The credit department is the largest sales building unit in your store, since it handles not only the efficient building and collection of accounts, but the selling of good will and merchandise.* ★★★

## Credit Bureau Musts

1. Upon completing application for credit, obtain complete report from your Credit Bureau.
2. The necessary data should be furnished to the Bureau, such as:
  - A. First name and second initial of applicant for credit and if married, first name of wife or husband.
  - B. Residence address for past three to five years.
  - C. Position and place of employment for past three years.
  - D. Trade references.
  - E. Bank account and whether checking or savings.
  - F. Whether monthly charge or instalment account.
3. Rush reports should be requested only when absolutely necessary. An unusual number of such requests will seriously affect the service of the Credit Bureau and increase its operating costs.
4. Requests from the Bureau for credit information should be handled with dispatch, to insure:
  - A. Prompt service to inquiring member, and,
  - B. Courtesy to the customer referring to you.
5. Report to the Bureau all slow and unsatisfactory accounts, excess returners of merchandise and customers inclined to overbuy.
6. Charge accounts of customers inactive for more than one year should be checked through the Bureau, to ascertain current credit standing.
7. Look upon your Bureau as you would a key executive and an important department of your business, essential to the successful extension of credit.
8. Cooperate with the Bureau to:
  - A. Improve credit conditions in your community, and,
  - B. Consider it your responsibility to contribute to the success of the Bureau in all its activities.
9. Use your Credit Bureau freely, with the knowledge that money expended for reliable credit reports enables you to extend credit safely and is an investment and not an expense.
10. In an effort to effect savings, do not communicate with references direct. Such information is, as a rule, only partially complete and in the long run, much more costly than the purchase of credit reports on all applicants.





# Report of the President

Jos. H. Riggs

IT IS UNFORTUNATE that we could not hold our annual conference and credit sales forum this year. It was cancelled, however, in accordance with the wishes of the Government. I hope it will be possible to meet in Cleveland in May or June, 1946.

In the early months of my administration, conditions were such that my traveling was held to a minimum. It was possible, however, to maintain close contact with the National Office and with members of various committees.

I have just returned from a five weeks' trip, which started in New Orleans April 18, on which I visited the principal cities of Texas; several cities in California; Portland and Eugene, Oregon; Spokane, Washington (where I attended the directors' meeting of District 10); Salt Lake City, Utah; Denver, Colorado; Wichita, Kansas; and Kansas City, Missouri.

We have had a very successful year financially, and a substantial increase in our membership, which by the close of our fiscal year, May 31, will have passed the 16,500 mark.

The reports of General Manager-Treasurer Crowder; Secretary Hert; Chas. M. Reed, Chairman of the Finance Committee; Harry F. Reid, Membership Chairman; R. Preston Shealey, Washington Representative;

F. W. Walter, Educational Chairman; and Joseph A. White, Legislative Chairman, will cover in more detail the activities of the association.

I should like to express my sincere thanks to the Officers and Board of Directors, to General Manager-Treasurer Crowder, to Secretary Hert, to members of all committees, and to the membership as a whole, for the splendid cooperation I have received throughout the year.

The honor bestowed upon me in my election to the Presidency of the National Retail Credit Association was highly appreciated. It was a distinct pleasure to serve you in that capacity for the year now drawing to a close.

Following the precedent (to which I heartily agree) established by my good friend H. J. (Jeff) Burris, who was President in 1943, in which year in cooperation with the Government we cancelled our annual conference, and who resigned as President of The National Retail Credit Association because he felt that he should serve for one year only, I am offering to the Board of Directors my resignation as your president.

In this way there will be an opportunity for the advancement of our First and Second Vice-Presidents, and for the Board of Directors to elevate to the Second Vice-Presidency a member of the Board.

## Report of the General Manager-Treasurer

L. S. Crowder

IT IS MY PRIVILEGE to again report to you the progress of our Association for the period from June 1, 1944, through April, 1945.

### Finances

Cash on hand and in banks April 30, 1945 was \$11,325.83; United States Bonds \$7,722.00, and Canadian Bonds \$4,500.00, a total of \$23,547.83. This compared with \$19,910.39, May 31, 1944. There are no current liabilities and the policy of paying all bills the month in which they were incurred has been followed since February, 1935. (Cash position May 31, 1945, \$23,464.23.)

### Membership

As of April 30, 1945, our membership was 16,362, a gain of 1,212 members in the past eleven months. In the past eleven years we exceeded 2,500 new members in 1935-36 (2,784); 1936-37 (3,015); 1939-40 (2,542), and 1940-41 (2,745). Net gains in excess of 1,000, were in 1935-36 (1,159); 1936-37 (1,149); and 1940-41 (1,062). From the standpoint of cancellations, it has been an exceptional year. Cancellations totaled 890 for the eleven months, compared to 1,559 for year ended May 31, 1944. Membership activities have been encouraging, and with the momentum gained and committees now organized to carry over for next year, we should experience a very satisfactory year. Of the members reported, 320 were obtained by our outside representative, E. P. Carstens, who was engaged in January;

52 were reported by Credit Bureau Managers; and 22 by the Associated Credit Bureaus of America and the Collection Service Division of that organization.

### Credit Education

Our extension courses in Retail Credit Fundamentals and Streamlined Letters, which were announced in February, 1943, continue to be favorably received. The Better Letters Service, inaugurated in July, 1943, is rendering a real service to our members, who appreciate this splendid aid.

*Retail Credit Management*, the second book of our series on credit by Dr. Clyde Wm. Phelps, has been revised and, as soon as possible after the defeat of Japan, it will be published.

### National Legislation

The report of Washington Representative, Mr. R. P. Shealey, covers the work of this committee in a very satisfactory manner, therefore, I shall make no detailed explanation of its activities.

### Cooperation

President Riggs was not able to spend much time visiting in the field in the early months of his administration, due to illness. He is just completing a five weeks' trip, starting in New Orleans and taking in the principal cities of Texas and California, and two cities in Oregon, on his way to the meeting of the Board of Directors of District 10 at Spokane. Returning from there, stops were made at Salt Lake City, Denver, Wichita, and



Kansas City. We express our appreciation to the management of the Florida National Bank for their liberality and cooperation in granting Mr. Riggs the necessary time to permit him to meet the many demands of his office.

We gratefully acknowledge the splendid cooperation

of the officers and directors of this Association, the personnel of the National Committees, Washington Representative Shealey, National Office personnel, and the membership as a whole—both Credit Managers and Bureau Managers—without which the continued success of our Association would be impossible.

## Report of Secretary and Research Director

Arthur H. Hert

SINCE THE NATURE of my work has not changed much during the past year, I have little in the way of new service for our new members to report. I still try to achieve the utmost in perfection in the performance of such duties as are assigned to me or may be developed.

My accomplishments during the year were mainly directed in connection with the publishing of *The CREDIT WORLD*. This work has required my closest attention at all times as it is becoming increasingly difficult to get material published as a result of wartime conditions. It is possible, however, now that V-E day is past, the personnel situation will improve and it will not be necessary for me to handle so many of the minor details in connection with the publication of the magazine as I have in the past. Be that as it may, I have been able to meet the deadline each month since I took charge of it in May, 1939. Any delays in the delivery of the publication to our members during the past year were caused by the lack of personnel in the mailing room of the publishers. In addition, the St. Louis Post Office has not always processed our printed matter when it was received from the printer.

It is still our endeavor to make every issue of *The CREDIT WORLD* a little better than the preceding one. From letters received, we are confident it is fulfilling the diversified needs of our membership in North America. The question of securing proper material for publication is important at this time. Up to now, we included the addresses presented at our annual conferences in subsequent issues. This provided a valuable source of information and data. However, since the District and National Conferences have been cancelled this year, it will be necessary that we take steps to obtain suitable articles in another manner. We have reprinted material

from other sources which we felt would be of general interest to our members. Original material is preferred, and articles that have been published elsewhere will be used only when considered appropriate.

We regret that beginning with the April *CREDIT WORLD*, we were forced to discontinue *The Collection Scoreboard* and the *Barometer of Retail Business*, which we have featured for the past eleven years. The shortage of employees in offices throughout the country made it almost impossible to obtain these monthly figures. When conditions improve, we will resume these two informative departments. In their place, we have expanded the feature on *Business Conditions and Outlook* and added *In the News*, a department that has been favorably received.

The personnel problem also required us to discontinue our Credit Department Operating Expenses study for another year. There are some members who believe we should resume this service. This item will be discussed at this Board Meeting and we will be guided by its wishes.

In addition to my *CREDIT WORLD* duties, I have supervised the Credit Extension courses and the Better Letters Service. At present, there is an increasing interest in these services. When the new book, *Retail Credit Management*, is published, there will be a considerable amount of work to be done in making it available to our membership.

I want to take this opportunity to sincerely thank our many members who have cooperated with the Research Division during the past year. My thanks also go to the officers and directors, and the executive office staff for their interest and assistance at all times.

## Report of the Finance Committee

Charles M. Reed, Chairman

YOUR FINANCE COMMITTEE appointed by President Riggs for the fiscal year ending May 31, 1945, met at the Schroeder Hotel, Milwaukee, on May 19, 1944.

Members present at the meeting were Earl E. Paddon, H. J. Burris, and Charles M. Reed, with General Manager-Treasurer Crowder sitting in ex-officio. Unfortunately, President Riggs could not be present because of illness.

Previous years' experience and figures furnished by the National Office enabled us to adopt a budget which provided for all of the activities of the Association for the year ending May 31, 1945.

As of April 30, 1945, cash on hand and in banks amounted to \$11,325.83, United States Bonds—\$7,722.00, Canadian Bonds—\$4,500.00, a total of \$23,547.83, compared to \$19,910.39 on May 31, 1944. As of April 30, 1944, the balance was \$20,296.06.

This is an excellent showing, and is somewhat better than we anticipated. There is no unpaid indebtedness; all current bills were paid in the month in which they were incurred, which has been the policy of the Association since February 1935.

It was not convenient for your committee to hold a meeting the early part of 1945, and it was decided to

review the year's work prior to the Board of Directors' meeting in St. Louis, May 21 and 22. However, we kept in close touch with the financial operations of the Association throughout the year.

Your Committee authorized the employment of S. D. Leidesdorf and Company, Certified Public Accountants, to conduct a semiannual cash audit of the receipts and disbursements. Report of the audit for the six months'

period ended November 30, 1944 was submitted to the Committee.

It is a pleasure to inform you that your Association is in sound financial position, credit for which is due to the excellent cooperation of the Officers, Directors and members, to the splendid work done by General Manager-Treasurer Crowder, and to the untiring efforts of President Riggs.

## Report of the Washington Representative

(Excerpts)

R. Preston Shealey

THE PROBLEMS of the N.R.C.A. in Washington are as follows: Bankruptcy; Garnishment; Widows' Pension Checks; First-Class Mail and Related Postal Rate Changes; Government Direct Loans; Regulation W; State Limitations of Servicemen's Debts.

The Legislative Committee has held four meetings since the Milwaukee Convention. The preceding subjects were considered in detail at these meetings, and in the morning meeting November 16, Messrs. Eichelberger and Hilbert accompanied me to the Treasury Department for a conference concerning the removal of the restrictive words on widows' pension checks. On March 19, Messrs. Eichelberger, Scott, and Mehling conferred at the Veterans' Bureau, and at the office of the Comptroller General, concerning the same subject. I arranged and participated in these meetings, and in several conferences.

Up to this time, the N.R.C.A. has endorsed two bankruptcy amendments through convention resolutions. The amendments are: Salaried Referees, and Suspended or Conditional Discharges. Their object is to give the court discretion to direct the filing of petitions under Chapter 13, if the bankrupt has sufficient income over and above his living expenses to make payments on his debts. The Bankruptcy Committee of the Senior Circuit Judges Conference of Federal Judges has been studying the problem for several years, but has not yet recommended a specific bankruptcy amendment. I realize that it is a matter of importance, and I am keeping in touch with its progress and pressing for action. In accordance with the requests of Congressman Hobbs, and the Administrative Office, I arranged a conference in Washington, January 26, over which I presided as chairman. A resolution recommending that the Congress pass a bankruptcy amendment for salaried referees was unanimously adopted. United States Judge Orie L. Phillips of Denver, presented the views of the Federal Judiciary. Members of the following national organizations were present: U. S. Chamber of Commerce; American Bankers Association; American Bar Association; Commercial Law League of America; National Bankruptcy Conference; New York and Chicago Bar Association; and the National Association of Credit Men. Government representatives present were: Director Chandler of the Administrative Office of U. S. Courts, and E. L. Covey, Chief of the Bankruptcy Division in that office; Assistant Attorney General Shea, who is in charge of bankruptcy matters for the Department of Justice, the Securities and Exchange Commission, and the House Judiciary Committee. Because of the illness of Judge Hobbs, Chairman of the House Judiciary Subcommittee, the bill has not

been introduced in Congress; however, he is expected to return soon, and the pending bill will be revised and reintroduced.

Chapter 13, which I piloted through Congress under the sponsorship of the N.R.C.A., is much more important today than is generally realized. In the sixteen cities to which its direct use is confined, the average return to creditors runs into the hundreds of thousands of dollars. The fact that the act is on the statute books prevents shortsighted, selfish creditors from upsetting wage earner settlements when proposed outside of the bankruptcy courts. This is the case in many pooling settlements arranged by bureaus of the N.R.C.A., and others. While the act is thus serving a very useful purpose, it will be greatly strengthened when referees in bankruptcy are placed upon a salary basis. At the Legislative Committee meeting April 3, I suggested, (and the committee endorsed the suggestion), that a bankruptcy primer on Chapter 13 be prepared and used throughout the country as a textbook, not only to afford practical information as to proper use in connection with wage earner settlements through direct bankruptcy procedure, but also in connection with pooling settlements of bureaus.

In the light of a recent garnishment and exemption act applicable to employees of private industry in the District of Columbia, I revised H. R. 2985, which passed the House March 3, 1945, but was buried in the Senate Judiciary Committee. The revised form was introduced by Representative Kefauver January 3, as H. R. 454. Conferences with Representative Kefauver and others, both before and after introduction of the revised bill, led me to believe that we must find some means of having the bill introduced in the Senate, by a member of the Senate Judiciary Committee if possible, in order to get it reported. The bill will then be pressed for passage in the House, and Mr. Kefauver tells me that it will be passed easily. According to indications, if the bill is called up for a vote in the Senate, it will be passed by a large majority. I have been unsuccessfully endeavoring to have a member of the Senate Judiciary Committee introduce this bill. Some members are expected to vote for a garnishment bill, but they are not willing to undertake the responsibility of introducing it in the Senate. There are, however, indications that the efforts that I am making with a Democratic member of the committee, with aid from local constituents, may be successful.

Messrs. Hilbert, Eichelberger, and I conferred with Treasury Officials November 19, in an endeavor to have the restrictive words on widows' pension checks omitted.

On November 22, we conferred with the head of the government check branch of the New York Federal Reserve Bank. March 19, Hilbert, Eichelberger, and I took this matter up at the Veterans' Administration, where the rolls for these checks are prepared, and later with a representative of the Comptroller General. He stated that if the Federal Reserve System, or a Federal Reserve Bank, would request a ruling possibilities in regard to eliminating the restrictive words would be given careful consideration. The Federal Reserve System was not sufficiently interested, but since I had made an appointment at the New York Federal Reserve Bank to consider the matter, I went to New York and had a conference April 4, with R. M. Severa, and April 5, accompanied him to the bank. Progress is being made, but definite results are not yet available.

### **Bill Concerning Postal Rates**

There is a bill pending on the House Calendar to increase fourth-class postal rates. We were asked to oppose it. The Legislative Committee considered the matter April 3, and was of the opinion that each class of mail should pay its own way, and that we should strive for immediate reduction in first-class mail for local delivery and press a campaign for a universal two-cent rate. Efforts have been supported by a circular letter of April 26, requesting our members to write their Senators and members urging prompt enactment of the bill to restore the two-cent rate for local delivery. When the war is over, and revenues permit, we will press for universal restoration of the two-cent rate, stressing the greatly increased use of such mail for direct mail selling of store merchandise. Prewar tests, including one by a Pittsburgh member, indicated that increased use of first-class mail would be the result of a two-cent rate. In addition, I am endeavoring to get the Post Office Department to require that registered matter upon which a return address is requested, be signed for under the address of actual residence upon being called for at the post offices.

An article by the Chairman of the Board of Reconstruction Finance Corporation, Hon. Charles B. Henderson, which I procured appeared in the May, 1945, CREDIT WORLD. It outlined the position of the RFC in the matter of business loans, and gave some interesting and valuable data. The banks are sponsoring a drive to limit, or abolish, loans by the government with emphasis on a program said to be under consideration by the Smaller War Plants Corporation to guarantee such loans to 100 per cent. The thought of our Legislative Committee is that the drive against government direct lending is sound. As to the RFC, this antagonism does not exist. The RFC does not encourage direct loans by the corporation, but such loans as it makes are upon the participation basis. The committee discussed this matter, but no action was believed necessary.

The resolution, concerning Regulation W, passed by the Retail Credit Forum of the N.R.C.A. in 1943, was interpreted by some as demanding an immediate scrapping of the Regulation. Others felt that it favored a continuance while the national emergency lasted. In April, 1944, E. E. Paddon requested that I draft a resolution reflecting our position on Regulation W to present at the Milwaukee Convention. The resolution

that I presented was passed by the convention without objection. It seems to have placed the N.R.C.A. in a better light.

An extended discussion of installment selling, and the relation of the Legislative Committee thereto, occurred at the meeting in Pittsburgh several years ago. It was decided that the committee should have jurisdiction over this subject, but the decision was never carried out. The committee met on April 3, and decided that it should have overall jurisdiction of installment selling, included as a part of Regulation W, but with the Community Credit Policy Committee to furnish data reflecting the attitude of our members.

The Soldiers' and Sailors' Civil Relief Act of October 17, 1940, stays legal proceedings against servicemen and women under nearly all conditions, but a question has arisen as to whether the time, barring legal process, likewise tolls state statutes of limitations, or whether such time is not to be lifted out of state statutes in computing limitations or actions. War Department officials having charge of application of this act to the army are not quite clear as to whether the act does toll state statutes, though the opinion is that it does. Such opinion, however, is predicated upon the basis that state courts will so construe the act. In view of the doubt, I am making an investigation to determine and to advise members what can or should be done in this situation.

The matter of Anti-Trust Consent Decree is not within the jurisdiction of the Legislative Committee, nor within my retainer for Washington work. Nevertheless, it was given some attention at the conference April 3, between Mr. White and myself. It was understood that he should write to Mr. Crowder, suggesting that the text of the stipulation as filed in the antitrust consent decree proceeding at St. Louis, should be printed again in *The CREDIT WORLD*. (Editor's Note: The text of the stipulation was printed on Page 32, of the June, 1945, CREDIT WORLD.)

### **The Retail Credit Survey**

The first activity of this office after its establishment was the fight to secure support of the administration and an appropriation by Congress to inaugurate a national retail credit survey. The fight was successful, and the survey was commenced by the Department of Commerce in June, 1929. It has been continued throughout the years, first by the Commerce Department, now by the Federal Reserve Board, and has thus proved its value.

At the instance of the N.R.C.A., with the campaign in charge of this office, Congress amended the postal laws in February, 1931, to require addressee's address being affixed to registered mail receipts. This service has been of value to our members in locating skips. Before we entered World War I, statistics show that many thousands of dollars were salvaged through its use. Col. Blackstone of Pittsburgh, and Charles M. Reed of Denver, were active in the campaign which culminated in the passage of the law.

In the 73rd Congress, the N. R. C. A. was measurably instrumental in bringing about a return in first-class mail rates from three to two cents for local delivery. A similar campaign is under way, with the approval and under the direction of this office. ★★★



# Amendment No. 16 to Regulation W

THE BOARD OF GOVERNORS of the Federal Reserve System has adopted Amendment No. 16 to its Regulation W, relating to Consumer Credit. The changes take effect June 11, 1945. They do not affect the Regulation as a whole but relate almost exclusively to transactions for financing the purchase of materials, articles, and services used in repairs or improvements of residential property.

The purpose of this Amendment, notwithstanding the fact that it makes certain changes of detail in down-payment and maturity requirements is essentially administrative. It reflects no change in the Board's Consumer Credit policy or in the place of consumer credit regulation in the Government's anti-inflation program.

Under the Amendment no credit transaction in the home-improvement field is any longer exempted from the Regulation by reason of the way in which it may be secured, the area in which it may be located, or the type of job to which it may relate. For all such credit transactions, if they relate to residential property and are not over \$1,500, a length-of-contract requirement is prescribed, but no down-payment requirement is prescribed for any of them. The maximum maturity may not hereafter exceed 18 months, except that for certain "Fuel Conservation Credits" extended during the next five months the maximum maturity may be 24 months. Heretofore some such transactions have been altogether exempt, some have been subject to a maturity limitation of 12 months, and others have been subject to both a down-payment requirement of one-third and a maturity limitation of 12 months.

In this connection it should be noted that although the classification of listed articles previously included stokers, furnaces, water heaters and water pumps of certain specified sizes only, on and after June 11, 1945, all of these articles will be included in Group C, regardless of their size if they are installed in a residential structure and the credit extended is in an amount of \$1,500 or less.

The amendment also contains some technical provisions which relate to so-called "summer plans" for specified fuel conservation items in Group C, and also a provision which relates to the exemption for "disaster credits."

The amendment follows:

Regulation W is hereby amended in the following respects, effective June 11, 1945.

1. By changing Section 4(b) to read as follows:

(b) Maximum Maturity.—The maturity shall not exceed the maximum maturity specified for the listed article in Section 13(a).

2. By changing Section 6(a) (2) to read as follows:

(2) The maturity shall not exceed the maximum maturity specified for the listed article in Section 13(a).

3. By striking out of Section 8(a) entitled "Real Estate Loans" the words "which is secured by a bona fide first lien on improved real estate duly recorded or."

4. By striking out Section 8(e) entitled "Defense Housing" and Section 8(m) entitled "Fuel Conservation Credits" and by relettering the remaining subsections of Section 8 accordingly.

5. By amending Section 8(h), relettered as Section 8(g), so that it will read as follows:

(g) Disaster Credits.—Any extension of credit made by the Disaster Loan Corporation; or any extension of credit to finance the repair or replacement of real or personal property damaged or lost as a result of a flood or other similar disaster which the Federal Reserve Bank of the District in which the disaster occurs finds has created an emergency affecting a substantial number of the inhabitants of the stricken area, provided such extension is made prior to the end of the sixth calendar month following the month in which the disaster is found to have occurred and a statement describing the damage or loss is preserved in the registrant's files.

6. By adding to Section 12 the following new subsection (o):

(o) Summer Plans.—Notwithstanding Sections 4(c) and 6(c) (2), the payment schedule of an installment credit made for any of the purposes specified in Section 13(f) may reduce or omit payments during the period from the extension of the credit to October 31, 1945, if the other payments are increased in such manner as to meet all the other requirements of the Regulation applicable to such credit.

7. By striking out the names of the articles listed as Items 2, 16, 22, 27, 38, and 39 in Group A of Section 13(a) and inserting after each such number the following parenthesis: "(Deleted—see Group C)."

8. By changing Group C in Section 13(a) to read as follows:

Group C—18 months' maximum maturity:

1. Materials, articles and services (other than articles, whether or not designed for household use, which are of kinds elsewhere listed) in connection with repairs, alterations, or improvements upon urban, suburban or rural real property in connection with existing structures (other than a structure, or a distinct part thereof, which, as so repaired, altered or improved, is designed exclusively for non-residential use), provided the deferred balance does not exceed \$1,500.<sup>11</sup>

9. By adding to Section 13 a new subsection (f) to read as follows:

(f) Fuel Conservation Credits.—Notwithstanding the provisions of Group C of Section 13(a), any extension of instalment credit made prior to November 1, 1945, to finance the purchase or installation of materials or articles included in Group C that are to be used in (1) the replacement of heating equipment that is worn out, damaged beyond repair, or destroyed, (2) the installation of loose-fill, blanket or batt-type insulation, or insulating board, within existing structures, or (3) the installation of storm doors, storm windows, or weather stripping, may have a maturity of not more than 24 months if such extension of credit is otherwise in conformity with the requirements of this Regulation.

<sup>11</sup>Effective June 11, 1945, the following articles were added to this group: air conditioning systems, furnaces and heating units for furnaces (including oil burners, gas conversion burners and stokers), lighting fixtures, plumbing and sanitary fixtures, water heaters and water pumps so installed, whether or not designed for household use.



# National Membership Activities

## District No. 7 Contest

S. L. Fogel, Credit Manager  
Woolf Brothers, Kansas City, Mo.

WHEN THERE is a difficult task to be performed, we in the Seventh District, (Arkansas, Kansas, Missouri, Oklahoma), remember a few words from an old song, "Let the women do the work, do the work, do the work," and govern ourselves accordingly.

At a meeting of our directors some discussion was had as to how we could best put into operation a program that would benefit our entire membership. It was decided that we should do everything possible to assist in securing new members for the National Retail Credit Association, and, accordingly, we agreed to further a contest for National members in our district.

Five hundred dollars was apportioned to be used as prize money, and it was the unanimous decision of the board that the contest should be conducted by the Credit Women's Breakfast Clubs. From our observation of the manner in which these clubs have performed, we felt they would be successful in handling the contest. We have never known them to fail to accomplish any chosen task.

A contest chairman and committee were appointed by our President, E. F. Callaway. Details were worked out by the contest committee, and the various Breakfast Clubs were contacted for their reaction to the contest. We received favorable replies from nearly all of the clubs, and the following plan was formulated: The Breakfast Clubs will be divided into four groups, as follows: those having a membership of 75 or over, 50 to 75, 25 to 50, and less than 25. There will be a first prize of \$50.00 in each group to be paid to the Breakfast Club in the group that secures the largest number of new National members during the contest. A second prize of \$25.00 will be awarded to the Breakfast Club that secures the next largest number of National members.

### Prizes to be Awarded

There will be a first prize of \$50.00 to be paid to the Breakfast Club member in the entire 7th District who secures the largest number of National members, and a second prize of \$25.00 to the individual member securing the next largest number of members.

There will be another first prize of \$75.00 to be awarded to the Breakfast Club in the entire District which secures the largest number of National members, and a second prize of \$50.00 to the Club in the entire district which secures the next largest number of National members.

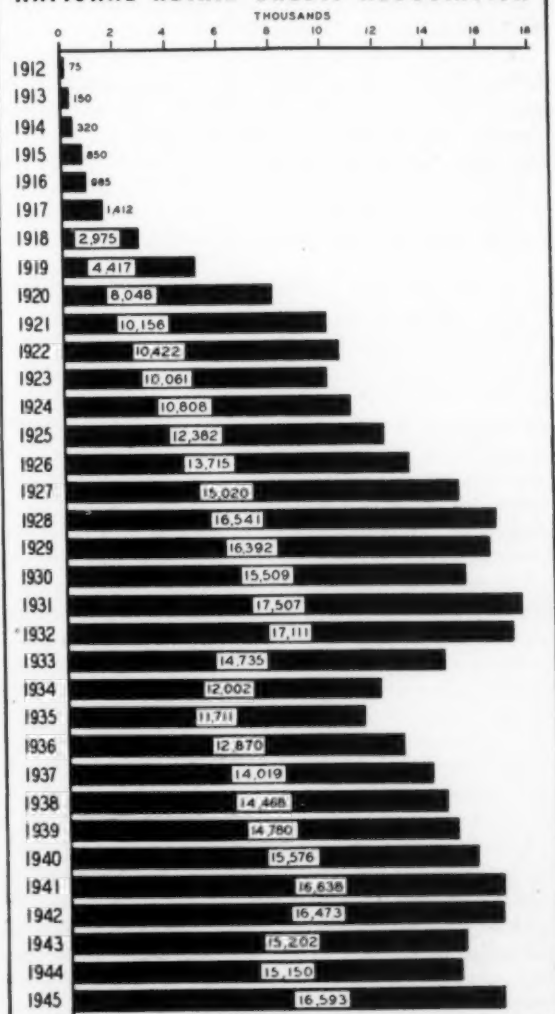
The enthusiasm and optimism shown by the Breakfast Clubs, along with reports of new members secured, more than justifies the action of the Directors in selecting them to conduct the contest.

By the time the contest closes, we hope to have added several hundred new National members in the seventh district.

THE CHART BELOW shows our progress, both ups and downs, since 1912. Much has happened in the credit field since the birth of our Association at Spokane, Wash., in August, 1912. The Association has always been a leader in every worth-while movement for better retail credits and has contributed much to the education of the consumer and the credit granter for 33 years.

In December, 1941, when Pearl Harbor was attacked, our membership was 16,986. Cancellations in 1942 and 1943 reduced our membership in January, 1944, to 14,823, the lowest since 1939. We just about held our own in the year ending May 31, 1944, and made nice progress in the year just closed. Our goal for 1945-46 is a net gain of 1,000 members, which will give us the largest membership in our history.

MEMBERSHIP BY YEARS  
NATIONAL RETAIL CREDIT ASSOCIATION



UPON RECEIVING an invitation to address the annual meeting of the Joplin Retail Credit Association, I arranged to also visit Springfield, Missouri, Tulsa and Oklahoma City. It was my first visit to Joplin and Springfield in seven years, and my last visit to Tulsa and Oklahoma City was in February, 1942.

The Springfield address was before the Chamber of Commerce, and the importance of a voluntary community credit policy and postwar credit problems were stressed. It was a joint meeting of the Chamber of Commerce and members of the Credit Association, and was presided over by Dr. Wallace Smith, President of the Chamber. There were slightly more than one hundred present, including Earl G. Turner, President of the Retail Merchants Association, Mrs. Opal Spencer, President of the Springfield Retail Merchants Credit Association, and R. A. Moffitt, Manager of The Credit Exchange.

That night a small group of the principal credit managers, and the General Manager of Netter-Ullman, attended a dinner meeting for the discussion of future membership plans.

It is anticipated that the By-laws of the Association will be amended to provide for all members becoming N.R.C.A. members. Thereafter, a membership drive will be inaugurated and in a short while, Springfield hopes to boast a membership near the top in District 7.

It was my privilege to organize the credit granters of Springfield in February, 1919, and one of the charter members, Charles L. James, President of E. B. Williams Clothing Company, also attended the Chamber meeting. In 1919, Mr. James was Credit Manager of the company which he now heads. The business was left to seven employees upon the death of Mr. Williams. Mr. James is chairman of the Postwar Planning Committee of Springfield.

### **Association's Early History**

Upon calling at the offices of Netter-Ullman Company, I learned with regret of the passing of Mr. A. M. Ullman. Before visiting Springfield in 1919—in fact, while in credit work in Dallas in 1918—I corresponded with a number of the merchants of Springfield, some of whom were in favor of organizing a Credit Association, and others who were opposed. Included in the ones who felt that a Credit Association was unnecessary was the president of the Merchants Association. A courtesy call was made on the president, following which I contacted Mr. Ullman. Together we called on twenty-six merchants the first day, working in a heavy snowstorm, and applications for membership in the Credit Association were obtained from all of them. The following day nine additional applications were obtained, and that night, at a meeting in the Chamber of Commerce rooms, the Association was organized, with Mr. Ullman as president. Within four months after the organization of the Association, its membership exceeded one hundred, interest having been stimulated by a visit to Springfield of some of the St. Louis credit managers.

Left Springfield at midnight and spent Tuesday, May 15, in Tulsa. It was a cold, rainy day, and the following day in Oklahoma City was even more disagreeable. The luncheon in Tulsa, which was advanced two days (a difficult task under present conditions) was attended by more than fifty, although when arrangements were made for the luncheon, attendance was restricted to forty-five.

Among those present were: Lillian Settles, President, Tulsa Credit Women's Breakfast Club; Norma Colburn, Financial Secretary, Credit Women's Breakfast Clubs of North America; O. L. Prather, President, Retail Merchants Association of Tulsa; Lee Harrington, Vice-President, Retail Merchants Association of Tulsa; Cecil M. Williams and G. W. Thompson, Directors, Retail Merchants Association of Tulsa; H. R. Stuart, Past Director, N.R.C.A.; Earl Beard, President, Tulsa Retail Credit Association; and Claude Hale, Special Program Chairman, Tulsa Retail Credit Association.

I found the Tulsa members interested in a community credit policy, for adoption with the end of Regulation W. Educational advertisements are now being prepared, with

# **Jour**

Of the manager  
**L. S.**

the thought that it will be advisable to keep before credit granters, as well as the consumer, the good points of Regulation W, in an effort to continue credit on a sound basis.

Accompanied by J. C. Rayson, several calls were made in the morning and after the luncheon President Earl Beard of the Tulsa Retail Credit Association and I called on several merchants and credit executives. Among them were former National Director H. R. Stuart of Sears, Roebuck & Company, and J. R. McKee of the Palace Clothing Company, Past President of District 7.

Miss Marion A. Leleu, with whom I have always enjoyed discussing her sales promotion and collection activities, was out of the city, in attendance at the meeting of the Board of Directors of the Credit Management Division of the N.R.D.G.A. Miss Leleu has the distinction of being the first woman to serve on the C.M.D. Board.

Missed my old friend W. A. Rayson who was out of the city. For many years he headed the Retail Merchants Association, and is now retired. In February, 1919, Mr. Rayson and I spent two days calling on the principal retailers of Tulsa, and organized the present Retail Credit Association. Meetings are held weekly, year in and year out, and a great deal of constructive work has been done by the Association.

One of the strongest National supporters among Bureau Managers is J. C. Rayson, who not only manages the Associated Credit Bureau of Tulsa, but since the retirement of his father has headed the Retail Merchants Association. He is doing an outstanding job in both positions. The new offices of the bureau, on the second floor of the same building, are a big improvement over the former quarters. Additional space has been provided, and there is a decided improvement in the arrangement, which will result in more efficient operations.

The meeting in Oklahoma City, Wednesday at noon, was

well attended. Like Tulsa, the credit executives of Oklahoma City are interested in having a community credit policy ready for adoption as soon as Regulation W is discontinued. In attendance at the meeting were Kermit Hardwicke of John A. Brown Company, President of the Oklahoma City Retailers Association; George Sturm, Sturm Clothing Company and Chas. Troyer of Sears, Roebuck & Company, both of whom are Directors of the Oklahoma City Retailers Association.

The luncheon was presided over by Scott Downey of Harbour-Longmire Company, President of the Oklahoma City Retail Credit Association. So far as I know, it is the only Association in which the husband is President and the wife is Secretary. Mrs. Edith Downey, for years with Roth-

not bad. Left Oklahoma City at 4:30 in the afternoon, and reached Joplin a little after eleven o'clock that night. It was necessary to change at Neosho, Missouri, from which point I went to Joplin—about twenty miles—by bus.

Spent all day Thursday, May 17, in Joplin. Enjoyed breakfast at the Conner Hotel with Ray D. Miller of the First National Bank, with which institution he has been connected for twenty-five years. Mr. Miller is Vice-President of the Joplin Retail Credit Association. Also present were J. H. Robb, Newman Mercantile Company, who has been credit manager of that company for twenty-two years, and has an enviable record; H. R. Wheeler, Manager-Treasurer of the Joplin Retail Credit Association; and Don E. Day, Empire District Electric Company who has been with that company for thirty-five years. Mr. Day's hobby is woodworking, and I have on my desk a very attractive paperweight indicative of his expertness in this line.

Mr. Wheeler accompanied me in calling on a number of members of the Association, including K. W. Story of the Christman Dry Goods Company, a member of the N.R.C.A. for twenty-five years, and a leader in District 7. Mr. Story could not be with us for breakfast, as his son who is in the Army, was leaving that morning. He has been with his firm thirty-five years, and according to the head of Christman's his word is law when it comes to operating the Credit Department, in the management of which he has been eminently successful. He is chairman of the Postwar Planning Committee of the Joplin Association.

The dinner meeting at the Conner Hotel was attended by more than one hundred. My talk covered postwar credit problems, the importance of adopting a community credit policy to become effective immediately upon the discontinuance of Regulation W, and the necessity for constructive educational publicity. I left by bus at 10:30 that night for Neosho, where I made connection with the Frisco for St. Louis.

### **The Des Moines Trip**

Following the meeting of the Board of Directors on May 21-22, President Jos. Riggs and I took the plane for Des Moines—an all-night trip by rail which requires slightly less than two hours by plane.

On Wednesday evening Mr. Riggs and I were guests of several Directors of the Association at the Des Moines Club. Among those present were Past President Bolen; Ross Carrell, President of District 6; C. H. Gimar, a Director of N.R.C.A. in 1924-26; George Jorgensen; and Harland Bush.

On Thursday we attended a luncheon meeting of the Retail Credit Association of Des Moines at Younker's Tea Room. The principal address was made by Mr. Riggs. That night we were guests at the annual May Party of the Des Moines Association. It was given jointly by the Credit Association and the Credit Women's Breakfast Club. The awarding of prizes was a responsibility of the Credit Women, and it was taken care of in a most novel manner.

While in Des Moines, I learned from Mr. Bolen that he had resigned his position as Credit Manager of Younker's to accept the position of Secretary-Manager of the Iowa Savings & Loan Association, Des Moines, effective July 1. I know Mr. Bolen's friends will regret losing him as a member of the Department Store Group, in which he has been active so many years. His many friends throughout North America will join in wishing him success in his new position. ★★★

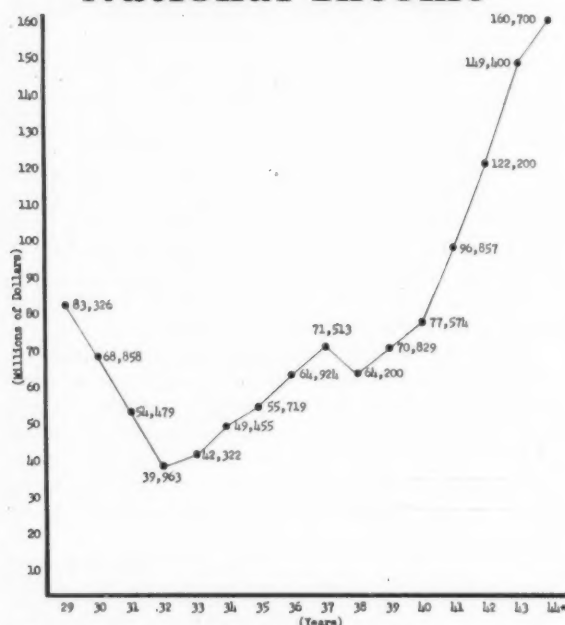


# A REVIEW OF 1944

Selected Indicators of General Business Conditions compiled from Governmental Sources by the Research Division

THE YEAR 1944 saw the culmination of the Nation's war production drive, with the resources mobilized to provide an adequate flow of material to the fighting fronts and at the same time to sustain a volume of consumption by the civilian economy not excelled in any previous year.

## National Income



\*Data for 1944 are preliminary.  
Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

Changes in the national income (the sum of earnings accruing to individuals for the participation of their labor and capital in production) were shaped by the same forces which controlled the gross national product. The national income total of 161 billion dollars represented a gain of 11 billion over 1943, compared with an average increase of 26 billions in the two preceding years.

Government pay rolls, which include the pay of the armed forces, accounted for more than 5 billions of the 11 billion increase in national income. Manufacturing wages and salaries rose nearly 2 billions, and other private nonmanufacturing pay rolls about 3 billions. Transportation, trade, and services were responsible for most of this 3 billion rise, in addition to offsetting a continued decline in construction.

Federal interest and net income of nonfarm proprietors accounted for the bulk of the 1.6 billion dollar increase in income shares other than wages and salaries.

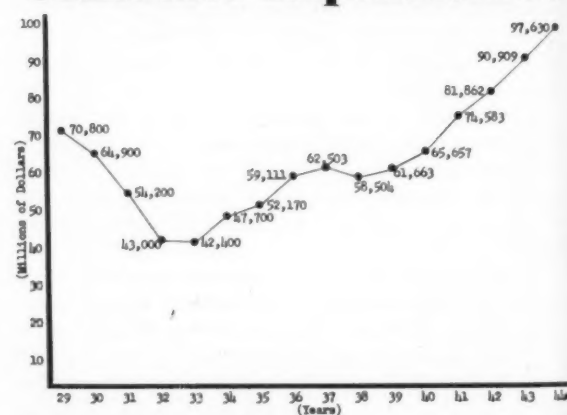
None of the three income items which have been chief contributors to the sharp rise in national income over the war period increased as much from 1943 to 1944 as in the preceding year. In combination, these elements—manufacturing, Government pay rolls, and net income

of farm proprietors—rose 18 billions in 1942, 22 billions in 1943, and only 7 billions in 1944. Tapering in the rate of gain for these three dynamic elements was responsible for the reduced expansion of national income.

The pattern as well as the magnitude of the 1944 growth in national income differed sharply from that of the preceding years. Of the total increase in national income from 1941 to 1943, 47 per cent was concentrated in manufacturing pay rolls, and net income of farm proprietors. Government pay contributed 28 per cent. In contrast, the first two elements accounted for only 14 per cent of the 1943-44 expansion, while Government pay was responsible for 45 per cent of the increase.

These changes were further accentuated during the second half of 1944, when manufacturing wages began to decline in absolute terms. Government pay rolls continued to advance. But as the military establishment approached its full strength, it was apparent that the main period of expansion of this element also had passed, and that its further growth would be largely confined to the effects of such secondary factors as premium pay for overseas service and military promotions.

## Consumer Expenditures



\*Data for 1944 are preliminary.  
Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

Thus, by the end of 1944 the main forces behind the increase of wages and salaries were spent, though further small increases in the totals were not precluded.

Consumers spent almost 98 billion dollars for goods and services in 1944, 7 billion more than in the previous year. The most important gains were registered in the food group, which also includes beverages and eating and drinking places, in clothing, and in consumer services. But all other major categories of expenditures also increased.

It is well known that the higher dollar total of consumer expenditures is due to a large extent to a rise in prices rather than to an increase in volume. If the current dollar figures for 1944 are corrected for the price rise which can be statistically measured, all categories of



expenditures with the exception of food appear to be virtually unchanged from their 1943 level. In the food group alone an expansion beyond price rise is indicated. Such expansion reflects in part a genuine increase in volume. On the other hand, it reflects the fact that present statistical techniques of deflation are deficient, because price quotations representative of the true quantity change are not available for many important elements of expenditures.

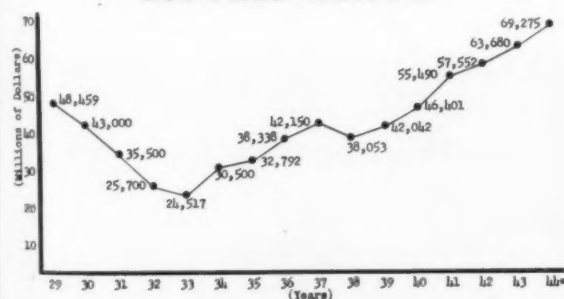
Because of the difficulties of correcting for the inflationary factor, it is not possible to evaluate precisely the current position of civilian consumers. But the statistics confirm what common observation suggests—that in overall terms 1944 was a year of continued high consumption, far above the prewar year 1939.

The cuts that were made as early as in 1942 were confined to a small number of items. On these the impact of the war was sharp. In 1944 combined expenditures for automobiles, gasoline and oil, and for furniture, furnishings, and household equipment, which bore the brunt of the reduction, amounted to less than one-half of the 1941 figure in real terms. But the sum of these commodities does not bulk large in consumer budgets. Even in 1941 they accounted for only 13 per cent of total expenditures. Their sharp reduction was compensated by further expansion in other items that were not restricted by the immediate requirements of the war.

It is sometimes assumed that the increase in Federal excise tax rates accounts for a significant proportion of the total rise in the price of consumers' goods and services which has occurred during the war.

The total increase of about 3 billion dollars in the yield of Federal excise taxes between 1939 and 1943 accounts for only about 12 per cent of the gap between 1944 consumer expenditures expressed in current and in 1939 prices. This figure, moreover, is an upper limit of the influence of Federal excise taxes, because not all their increase should be allocated to items bought by consumers. Nor can it be assumed that the full amount of the tax is always passed on to the consumer in the form of higher prices.

## Retail Sales



\*Data for 1944 are preliminary.

1929, 1933, 1935, 1939 data from the Bureau of the Census. Other years estimated by the Bureau of Foreign and Domestic Commerce.

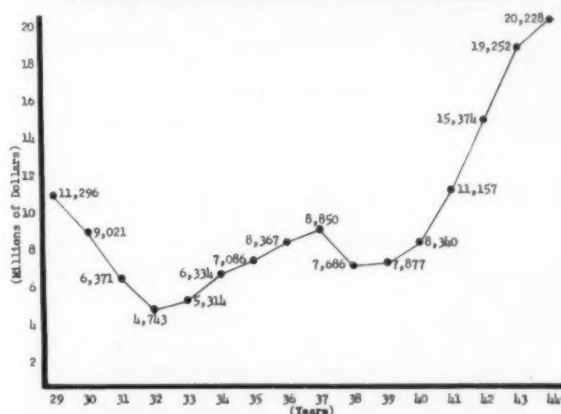
The increase in consumer expenditures meant, of course, record retail sales. Despite shortages of some types of goods, retail sales in 1944 exceeded 69 billion dollars, an increase of about 9 per cent from 1943. The year was a profitable one for retailers—in some instances a highly profitable one.

Evaluation of the volume of goods moving through retail channels is difficult under the conditions which prevailed in 1944 since quality shifts, substitutions, and upgrading of merchandise were widely prevalent. How to measure volume, or quantities, under such circumstances presents extreme difficulties. Price controls were effective in preventing increases over most areas of the economy, but the application of the technique of adjustment of dollar sales by means of price indexes yields less satisfactory results in war than in peace.

During the year retailers in most lines were able to maintain their inventory position and only a very small part of the increase in retail sales in 1944 stemmed from inventory withdrawals. Inventories of all retail stores declined approximately 2 per cent in value. This is a moderate decrease in view of the shortages of many preferred lines, notably clothing and durable goods, and especially in light of the high dollar sales during the year. The continued stability of inventories may be attributed to the substitution of higher-priced lines.

The decline from 1943 in the value of nondurable retail inventories took place in the latter half of the year, and amounted to 2 per cent by the year end. Inventories of apparel (excluding shoes) and drugstores were consistently above the corresponding months of 1943.

## Cash Farm Income



\*Data for 1944 are preliminary.

Department of Agriculture; excludes government payments.

Cash farm income has increased rapidly since 1940. The greatest increases were noted from 1941 to 1942, and from 1942 to 1943. In 1944, the estimated cash farm income increased to a little over 20 billions.

The net income of farm proprietors in 1944, the remaining branch of the income stream whose rapid growth had characterized wartime expansion, remained at about the 12 billions reached in 1943. A small increase in gross income, induced mainly by a slight advance in farmers' selling prices, was approximately offset by the continuing rise of farm production costs. In contrast, from 1940 to 1943, rapidly mounting farm prices outstripped the advance in production expenses. In conjunction with a substantial increase in the physical volume of production, this increasingly favorable cost-price relationship resulted in a near tripling of farmers' net income over this 3-year span.

Arthur H. Hert

# CREDIT FLASHES

## E. E. Paddon, N.R.C.A. President

As no convention was held this year, normally the present officers would continue in office. However, President Riggs tendered his resignation following a precedent established by H. J. Burris in 1943 when he resigned because he felt that the President should serve only one year. (See page 10.)



E. E. Paddon

At a meeting of the Board of Directors held in St. Louis, Mo., May 21-22, the two Vice-Presidents were elevated and a new Second Vice-President elected. The new officers are: President, E. E. Paddon, Lammert Furniture Co., St. Louis, Mo.; First Vice-President, Harry L. Bunker, H. C. Capwell Co., Oakland,

Calif.; and Second Vice-President, J. A. H. Dodd, Portland Gas & Coke Co., Portland, Ore.

The following committees were appointed at the meeting:

### Finance Committee

D. D. Bolen, Iowa Savings and Loan Assn., Des Moines, Iowa.

H. J. Burris, John Taylor D. G. Co., Kansas City, Mo.  
T. W. Walters, Morris Plan Bank, Cleveland, Ohio.

### Legislative Committee

Joseph A. White, Harris Stores Co., Pittsburgh, Pa.,  
*Chairman.*

L. W. Hilbert, Stewart & Co., Baltimore, Md.

J. F. Eichelberger, The Hub, Baltimore, Md.

S. F. Sayer, First National Bank of Philadelphia,  
Philadelphia, Pa.

R. M. Severa, R. H. Macy & Co., New York, N. Y.  
Abe Coonin, Wm. Hahn & Co., Washington, D. C.

Frank P. Scott, Woodward & Lothrop, Washington,  
D. C.

## D. D. Bolen Resigns From Younker's

David D. Bolen, Credit Manager, Younker's, Des Moines, Iowa, for the past 13 years has resigned to become Secretary-Manager of the Iowa Savings & Loan Association, founded by his father, the late S. M. Bolen, 25 years ago. Mr. Bolen was President of the National Retail Credit Association in 1941. He is also a Past President of the Des Moines Retail Credit Association.

## Bureau Manager Wanted

Real opportunity in the city of Buffalo, New York for a capable Bureau Manager with extensive knowledge of Credit Bureau operations, to take full responsibility of Bureau to meet extraordinary demands of future. Salary commensurate with ability. Give full particulars. Box 575, The CREDIT WORLD.

## Carson L. Bard Heads A.C.B. of A.

At a meeting of the Board of Directors of the Associated Credit Bureaus of America held in St. Louis, Mo., May 22-24, the following officers and directors were elected: President, Carson L. Bard, The Credit Rating Co., Louisville, Ky.; Vice-President, Arthur F. Henning, Retailers Credit Association, Sacramento, Calif.; and Secretary-Treasurer and General Manager, Harold A. Wallace, St. Louis. Directors: Charles H. Farrell, New Haven Credit Bureau, New Haven, Conn.; George W. Lundy, Retail Credit Men's Association, Chattanooga, Tenn.; Vincent W. McConn, Credit Bureau of El Paso, El Paso, Texas; A. L. Dye, Merchants Association Credit Bureau, Kansas City, Mo.; William F. Devere, Cheyenne Credit Bureau, Cheyenne, Wyo.; W. D. McCune, Missoula Co. Credit Men's Association, Missoula, Mont.; and L. E. Viele, The Credit Bureau, Council Bluffs, Ia. Directors at large: F. A. Matatall, Ottawa Credit Exchange, Ltd., Ottawa, Ont., Canada; Francis W. Smith, Credit Bureau, Salem, Ore.; and J. H. Coad, Retail Credit Association of Duluth, Duluth, Minn.

## Help Wanted

Exceptional opportunity for permanent connection with extraordinary salary as manager of largest independent loan and finance company in Phoenix, Arizona. Requirements: character, driving power, proved capability, and experience. State fully qualifications and history. Confidential. Box 572, The CREDIT WORLD.

## Position Wanted

Single woman with 11½ years' credit, general office, and secretarial experience, interested in position as credit and collection manager in Los Angeles or San Francisco area. Details furnished on request. Box 573, The CREDIT WORLD.

## Wanted to Buy

Credit Bureau or Collection Agency, preferably combination, in city of 15,000 or more. Fully experienced and available immediately. Give full particulars in reply. Box 571, The CREDIT WORLD.

## For Sale

Credit Bureau in California city approximately 65,000, shopping population approximately 125,000. Has healthy business and live collection department, and gross business under present management has increased approximately 1,000% in 3½ years, still going up. Files set up in 1927. No local competition, other investments necessitate sale, will sell half interest if purchaser is capable of management. Box 574, The CREDIT WORLD.

## Officers and Directors Credit Women's Breakfast Clubs of North America

At the annual meeting of the Board of Directors of the Credit Women's Breakfast Clubs of North America, held at the Statler Hotel, St. Louis, Mo., May 23-24, the following officers and directors were elected for the ensuing year:



**Stephanie Dougherty**

Mrs. Helen M. Lybold, Weinberg's, Butte, Mont.; and Treasurer, Mrs. Sally Sansom, Sally's Flower Shop, Fort Worth, Texas.

The President has appointed as her Corresponding Secretary, Mrs. Lucy J. McClurg, Glen C. Stater Co., San Francisco, Calif. Other appointments were: Historian, Mrs. Grace L. Jones, Auerbach's, Salt Lake City, Utah; and Educational Chairman, Ruth Rosencrantz, Plant-Kerger Co., Kankakee, Ill.

### Nashville Wins Bulletin Award

The Credit Women's Breakfast Clubs of North America sponsors a contest to determine the best monthly bulletin published by a local club each year. From entries received from throughout the nation, the Board of Directors, at their meeting in St. Louis, May 23-24, awarded first prize to *Morning Glories*, the publication of the Nashville Credit Women's Breakfast Club. The picture below shows, on the left, Mrs. Marie Whaler, Miami, Fla., President of the Dixie Council, presenting the award to Foy Dell Calhoun, Editor of *Morning Glories*.



## ★ Recent Elections

### Baltimore, Maryland

At the annual meeting of the Retail Credit Association of Baltimore, Inc., the following officers and directors were elected for the year 1945: President, Benedict L. Kerr, Leon Levi Co.; Vice-President Eugene J. Sapp, Howard Clothes, Inc.; Treasurer, Leonard A. Wengnagel, The Equitable Trust Company; Secretary J. W. Mehling, Retail Merchants Credit Bureau. Directors: Mary Berney, Isaac Hamburger & Sons; H. E. Benson, Gomprecht & Benesch Co.; L. W. Hilbert, Stewart & Co.; H. Lee Muse, Consolidated Electric Light & Power Co. of Baltimore; William Schuab, Hutzler Brothers Co.; W. Vernon MacNeal, Hecht Bros., Retiring President of the Retail Credit Association of Baltimore; and J. Frank Eichelberger, The Hub. Mr. Eichelberger is also a director of the National Retail Credit Association.

### Albany, New York

On April 3, 1945, the Retail Credit Association of Albany, Albany, New York, elected the following officers: President, William Colburn, Savard & Colburn; Vice-President, John I. Schell, J. Schell Furs; Secretary, Mrs. Minnie R. Hamblin, Leslie's Albany Credit Bureau, Inc., and Treasurer, Mrs. Jean Lansing, Albany Hospital, Inc.

### Lewiston, Idaho

The following officers and directors were elected at a recent meeting of the Lewiston-Clarkston Retail Credit Association for the year ending March, 1946: President, Glen Bauman, Lewiston Furniture Co.; Vice-President, Marion Montagne, Lewiston Plumbing Co.; Secretary, Frank Morris, Credit Adjustment Co. Directors for 1945: Mrs. Molly Smith, Bratton's; C. J. Hopkins, Potlatch Forests, Inc.; W. A. Moser, Firestone Store; Robert Somerville, Erb Hardware; Marion Montagne, Lewiston Plbg. & Heating; George Giffin, Pacific Telephone; L. E. Stairet, Washington Water Power Co.; Leo Jesse, First National Bank. Directors for 1946: Harley Tucker, Idaho First National Bank; Clarence Leland, Troy Lumber Co.; Glen Bauman, Lewiston Furniture; Matilda Schurman, Lewiston Grocery; M. B. Mikkelsen, Prairie Flour Mills; J. Harley Ferris, Lewiston Tribune; Edith Moore, Solberg Currie Motor Co.

### Ottawa, Ontario

Irene Ashe, Charles Ogilvy, Ltd., has been elected President of the Ottawa Credit Grantors Association, Ottawa, Canada, together with Vice-Presidents, Gerald E. Swerdfager, Murphy Gamble, Ltd., and Mrs. Francoise Chateauvert, C. Caplan, Ltd.; Treasurer, Emmet Murray, A. J. Freiman, Ltd., and Secretary, F. A. Matall, The Credit Bureau—Ottawa and Hull.



# Credit Department Letters

Waldo J. Marra

MANY DEFINITIONS have been given explaining the "you" attitude in letter-writing. It remained for a student in the "Streamlined Letters" course, Mr. Willard F. Turner, of Melrose, Massachusetts, to give us a personal variation in *his* definition. In answer to the question, "What is meant by the 'you' attitude, and putting the reader in the picture?" he wrote:

"Oscar Levant once said of a famous musician, 'Mr. X is supremely happy because he is deeply in love with himself, and he has no rivals.' This quotation may be somewhat farfetched, but it illustrates, in reverse, what the 'you' attitude in business should be. Rather than be 'in love' with ourselves, we should think of the other person; for it is a fact that everyone in this world is intensely interested in himself.

"By starting a letter with a sentence or a short paragraph which tells the reader something about *himself*, we can easily attract his favorable attention. The chances are that the reader will then concentrate his mind on our letter and read it carefully to the end."

Nice going, Mr. Turner!

## This Month's Illustrations

*Illustration No. 1*, used by Chapples Limited of Fort William, Ontario, Canada, and signed by Mr. R. J. O'Hagan, Manager Credit Sales Department, is a goodwill building letter sent to newlyweds to sell them on the advantages of using their charge account. After offering congratulations and good wishes, the letter points out the several advantages of a charge account to young people: first, how convenient and time-saving a charge account can be; second, how it can be used to keep track of expenditures so as to keep within one's budget; and finally, the letter brings out forcibly the manner in which prompt payment of a charge account can help to build a credit reputation for the young couple—"a ready reference" that can be used when needed. The letter is well written, and carries an excellent message. It would pack greater "punch," however, if the second and third paragraphs were combined into one, and also if the fourth and fifth paragraphs were combined. Single sentence paragraphs that follow one another often scatter their ideas in the reader's mind, rather than leave a definite impression of the letter as a whole.

*Illustration No. 2*, used by Gimbel Brothers of Philadelphia, Pennsylvania, and signed by Mr. A. L. Grant, Manager Department of Accounts, is a letter of an entirely different type; for it is a definite "business" collection letter. It pointedly, yet courteously, calls the customer's attention to his long past due account; and then explains what is going to happen in a few days to that account unless a payment is received. The reader is made to feel that the company is sincerely trying to

protect *his* interests when he is told, "We prefer not to report our credit experience with you to the Bureau." This statement acts as a stimulant to get favorable action from the customer—and it is generally successful. The letter is short and very much to the point, thus carrying out its own statement about brevity made in the first paragraph.

*Illustration No. 3*, used by Sibley, Lindsay & Curr Co. of Rochester, N. Y., and signed by Mr. H. F. Waite, Credit Manager, is a new accounts letter to a cash customer. The opening sentences follow the usual routine of emphasizing the convenience and time-saving features of having a charge account. To make it easy for the reader to act upon this suggestion, an application form is enclosed in order that the prospective customer may make known his desires in the matter. The addressed envelope which is also enclosed (so that the application blank may be returned) is an excellent incentive for immediate action; otherwise the application might be put to one side by the reader, and forgotten.

*Illustrations Nos. 4, 5 and 6*, are a series of printed collection reminders used by the Robert Simpson Company, Limited, of Toronto, Canada, that have been used successfully for some time. As is natural in such cases, the wording of the second reminder is stronger than the first, while the third reminder is the strongest of the three. Although only the last form shows the balance actually due, it would be well to show the exact amount due on Illustrations 4 and 5, so that the customer could see it quickly, and thus be aided in making out a check.

*Illustration No. 7*, used by the Outlet Company of Providence, Rhode Island, represents a *visual* method of bringing forcibly to the customer's attention the fact that a balance is due on his account. This "eye" appeal begins with the picture at the top of the page entitled, "Pay Bills Here," and is carried through the written words and the dollar signs below it to the final paragraph stating that \$61.73 is overdue. The continuity of the whole letter, with its special connotative effects, is cleverly worked out. Obviously, it can be used only in special collection situations. ★★★

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WITH THIS ISSUE of The CREDIT WORLD, Waldo J. Marra begins a new policy of making suggestions as to how the letters in this Department can be improved, even though they have been successful for those who write them. We hope the authors of these letters accept these suggestions in the spirit in which they are intended. Letters appearing in this Department are selected for the ideas they contain, as well as the manner of presentation. You are invited to present your letters for the benefit of other members, as well as to receive Mr. Marra's constructive suggestions for their improvement.—Ed.

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*Chapples Limited*  
INCORPORATED IN N.Y.  
*Department Store*  
TELEPHONE SOUTH 4-2000

*Always something new*  
*Fort William*  
Ontario

November 10, 1944

Mr. and Mrs. J. Smythe  
715 Oliver Road  
City

Dear Mr. and Mrs. Smythe:

Congratulations and our most sincere good wishes for your future happiness!

May we put our good wishes into definite form by expressing the hope that you will continue to use your charge account?

You'll find it a great convenience now in making the many purchases necessary in "starting out"—and later for your regular purchases.

It's the convenient way of shopping, enabling you to budget your expenditures month by month and eliminating the necessity of carrying cash for cash purchases.

The terms are convenient, too. Each month's purchases are payable by the 25th of the following month.

There's another advantage, too, for young people: A charge account, paid promptly according to the terms, gives you a definite credit standing that grows year by year—a ready reference when you happen to need one.

May we have the pleasure of serving you very soon?

Thank you.

Cordially yours

CHAPPLES LIMITED

*R. J. O'Hagan*  
R. J. O'Hagan, Manager  
Credit Sales Department

ROH:WG

**SIBLEY, LINDSAY & CURR CO.**  
ROCHESTER, N.Y.

3

November 1, 1944

Mr. John Black  
18 Smith Street  
Rochester, New York

Dear Mr. Black:

Although we have enjoyed serving you as a cash customer, we regret that at the present moment, our files do not include your name as a charge patron.

We all know how important time saving is today, especially when it comes to shopping. Our charge-plate system reduces shopping time and although we do not have your name on our books, we have prepared a charge-plate for you. But rather than be presumptuous and send it to you without receiving your formal permission to open an account, we are enclosing our regular application form.

If you desire to have your name added to our list of charge patrons won't you please sign the application and return it in the enclosed envelope. Then, when you do your next shopping in Sibley's you may just say to the clerk as you present your plate, "Charge it, please".

Very truly yours,

SIBLEY, LINDSAY & CURR COMPANY

*H. F. Waite*  
H. F. Waite  
Credit Manager

HFW:EMA  
ENCL: 2

*Limpton's*  
CHARGE OFFICE

4

Account No. 69555

May we remind you of the unpaid balance outstanding on your Charge Account. We would appreciate this matter having your kind attention.

Mr. John Jones,  
180 Black Street,  
Toronto, 5, Ontario.

If remittance has been forwarded in the meantime, please disregard this notice.

**Gimbel Brothers**

PHILADELPHIA, PENNSYLVANIA

TELEPHONE ORDER SERVICE WALNUT 4-0000  
OTHER BUSINESS WALNUT 2-0000

2

June 30, 1944

Mr. U. S. Jackson  
1234 Invasion Avenue  
Victory, Pennsylvania

Dear Mr. Jackson:

Brevity, always a virtue, is a must in these busy war days. Therefore, we will present our problem, briefly.

Because your account is now long past due, Gimbel Brothers, as members of the Credit Bureau of Greater Philadelphia, a clearing house for all credit information on individuals purchasing in Greater Philadelphia and its suburbs, must report your delinquency to them in a few days.

We prefer not to report our credit experience with you to the Bureau. If you send your payment to us now, it will not be necessary for us to do so.

Your co-operation will be appreciated.

Yours for VICTORY,  
GIMBEL BROTHERS  
*R. L. Boyd*  
R. L. Boyd, Manager  
Department of Accounts

Amount Due \$46.92.

*Have Fun and, Always, a New Gift from Gimbel's*



7

*We did not see you  
here this week!!*

\$\$\$

IF you can't come in why not send the payment of your overdue account which amounts to \$41.73.

Thank You

**THE OUTLET COMPANY**  
HOUSE FURNISHING COMPANY  
PROVIDENCE

*Limpton's*  
CHARGE OFFICE

5

Account No. 69555

Your attention is again directed to the overdue balance on your Charge Account.

As our terms provide for settlement in full of all accounts each month, your remittance to cover will be appreciated.

Mr. John Jones,  
180 Black Street,  
Toronto, 5, Ontario.

If remittance has been forwarded in the meantime, please disregard this notice.

*Limpton's*  
TOWNS

Your Account, which shows a balance of \$ 35.00 is in our Collection Department.

According to your contract when one monthly payment is in arrears the whole balance then becomes due. However, if payment of all arrears is made AT ONCE your account will be reinstated and carried according to the original terms.

Mrs. John Jones,  
25 Black Street,  
Toronto, Ont.

10/100500

**THE SIMPSON COMPANY LIMITED**  
HOUSE LOVERS CLUB

# Business Conditions and Outlook

## • Areas of Good Business Include Most of Country •

WHILE MANY readjustments are being made following the end of the war in Europe, the volume of trade and industry is holding up well in nearly all parts of the country. Business activity averages about 11 per cent higher than last year and in every section is above even the high level of a year ago. In a number of communities where war plants are being discontinued or war contracts have been cancelled, activity has dropped sharply but these areas have not been widespread enough to change the general average.

VARIATIONS among different sections are likely to become more evident during the next few months, but no significant signs of any sharp decline in the near future have yet appeared. The current outlook is for a continuation of very close to the present high rate indefinitely. Trends will continue to be geared very closely to the demands for war materials and equipment.

DIFFERENCES among the various sections of the country are somewhat less now than they have been in recent months. Several of those shown on the LaSalle Map are due more to the conditions last year than they are to current trends. In spite of many shifts that are being made, business is about as stable as it has been for some time and, unless the Pacific War should take unexpected turns, this stability will continue into the third quarter of the year.

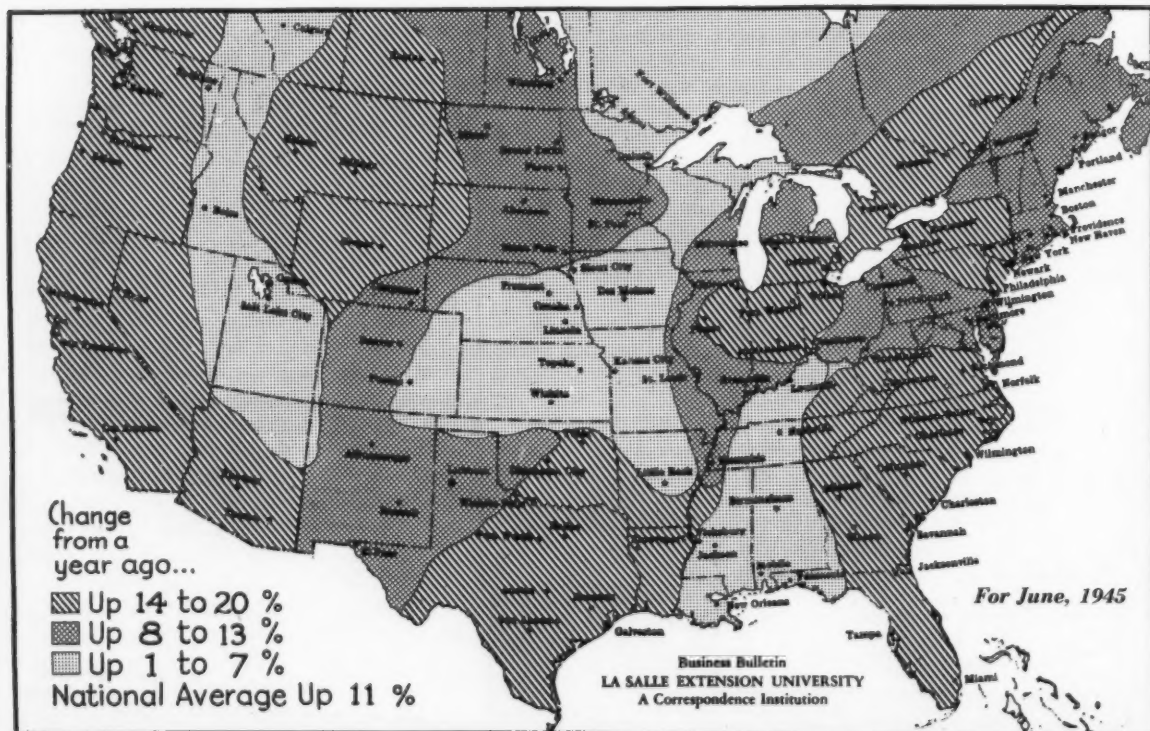
GAINS OVER last year have been greatest in the Pacific Coast region, and that trend may become even more marked as both materials and equipment are sent westward for the war in Asia. Around the Great Lakes, war plants are still operating at close to capacity even though a large number of contracts has been cancelled. Business is still holding up well in the East although some slackening may be ex-

pected in that section as smaller amounts of war materials will be sent to Europe. Much of this reduction may be offset by increased shipments of food which will be needed in Europe this summer until this year's crops are harvested. Reconversion to civilian production in many plants may also help to keep up business volume. That trend is already evident in the New England states where conditions have become a little better during the last month.

BUSINESS is lagging in parts of the agricultural region of the Middle West. Some of the falling off has been due to transportation difficulties as cars have not been available to ship as large quantities of grains and livestock as were shipped last year. The situation is becoming better, however, and some improvement is likely to be evident in the LaSalle Map next month.

ANOTHER area of lagging business is the Mountain States, where mining and related activities have changed but little during the last few months.

IN CANADA, the most striking improvements continue to be in the industrial region north of the Great Lakes. Business is also good in the West where shipments abroad have been considerably speeded up. Factory output is about the same as it was a year ago and consumer incomes are high. These, together with continued large war expenditures, keep the volume of business high. Conditions in the agricultural regions have remained fairly stable, and the crop outlook is quite favorable. The general trend of trade and industry is expected to remain close to present levels during the next few months.—BUSINESS BULLETIN, La Salle Extension University.







# MONTHLY CREDIT STATISTICS

Culled from *Federal Reserve Bulletin* of the Federal Reserve System  
by the Research Division, National Retail Credit Association

TOTAL CONSUMER CREDIT outstanding dropped nearly 165 million dollars or about 3 per cent during April to an estimated total of 5,411 million dollars.

Instalment loans outstanding increased about one per cent during April and at the end of the month were almost 10 per cent higher than a year earlier.

Instalment sale credit other than automobiles increased slightly during the month reflecting declines in the amounts outstanding on instalment accounts of department stores and mail order houses.

Charge-account indebtedness declined considerably in April, and at the end of the month amounted to 1.5 billions, or more than 10 per cent higher than on the corresponding date of 1944.

## Ratio of Collections to Accounts Receivable<sup>1</sup>

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
January	30	20	22	31	61
February	31	20	22	31	61
March	36	22	26	34	65
April	31	23	26	28	63
May	33	25	26	30	64
June	31	24	28	30	63
July	30	23	29	31	61
August	34	24	32	31	64
September	35	24	33	32	64
October	39	26	36	33	65
November	39	24	37	34	67
December	36	23	39	49	61
1945					
January	32	21	34	31	61
February	30	21	32	30	61
March	36	24	36	34	66
April	30	22	36	33	62

<sup>1</sup>Ratio of collections during month to accounts receivable at beginning of month.

## CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
January	576	158	248	24	55	91
February	540	147	236	21	51	85
March	529	144	231	19	52	83
April	518	141	229	18	48	82
May	519	141	235	16	45	82
June	515	138	237	15	44	81
July	502	132	234	14	43	79
August	499	132	232	13	42	79
September	510	138	236	13	43	80
October	533	148	244	13	44	84
November	565	162	253	13	48	89
December	635	184	269	13	70	100
1945						
January	574	172	249	12	61	92
February	557	163	240	11	54	88
March	548	163	238	11	50	86
April	535	156	237	11	47	84

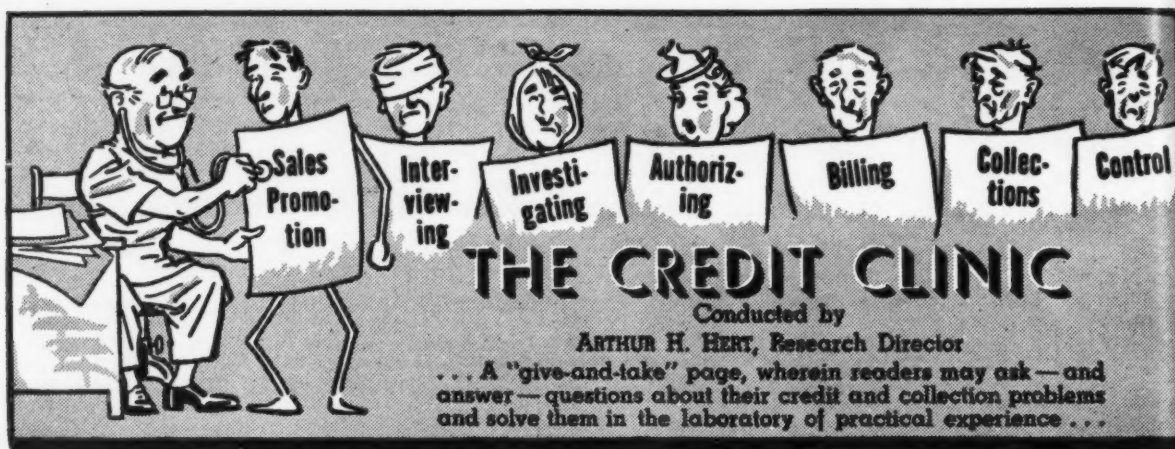
## DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941-January	49	8	43
December	53	6	41
1942-June	56	5	39
December	61	5	34
1943-June	60	4	36
December	65	4	31
1944-January	64	4	32
February	63	4	33
March	62	4	34
April	62	4	34
May	62	4	34
June	63	3	34
July	65	4	31
August	64	4	32
September	63	4	33
October	63	4	33
November	62	4	34
December	64	4	32
1945-January	63	4	33
February	63	4	33
March	62	4	34
April	62	3	35

## TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941-----	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764	610
1942-----	6,165	2,932	1,494	482	1,012	1,438	1,072	1,513	648
1943-----	5,158	1,939	816	175	641	1,123	1,034	1,498	687
1944									
January-----	4,818	1,836	745	169	576	1,091	996	1,294	692
February-----	4,662	1,785	707	167	540	1,078	962	1,218	697
March-----	4,836	1,804	696	167	529	1,108	955	1,376	701
April-----	4,801	1,785	689	171	518	1,096	966	1,346	704
May-----	4,898	1,801	700	181	519	1,101	997	1,390	710
June-----	4,945	1,826	707	192	515	1,119	1,033	1,370	716
July-----	4,882	1,833	706	204	502	1,127	1,038	1,287	724
August-----	4,988	1,899	709	210	499	1,190	1,029	1,330	730
September-----	5,282	1,921	720	210	510	1,201	1,228	1,402	732
October-----	5,422	1,946	743	210	533	1,203	1,228	1,516	732
November-----	5,595	1,973	773	208	565	1,200	1,231	1,664	727
December-----	5,790	2,083	836	200	635	1,247	1,220	1,758	728
1945									
January-----	5,481	2,013	778	192	574	1,235	1,206	1,528	734
February-----	5,326	1,968	743	186	557	1,225	1,188	1,432	738
March-----	5,588	1,990	732	184	548	1,258	1,180	1,676	742
April-----	5,411	1,987	719	184	535	1,268	1,182	1,500	742



## Postwar Plans

THE QUESTIONS:

(1) *What are your plans pertaining to terms on installment sales after Regulation W is discontinued?*

(2) *Should some of the provisions of Regulation W be modified for credit selling between V-E and V-J day?*

The Research Division asked 208 members these questions. Some of the replies are included on these pages. The balance was published last month.

## How Members Replied

**Baton Rouge, La.:** It was the opinion of the group attending a recent credit luncheon that we should get a 15% down payment on all hard-line merchandise, and most of us feel that 2 years is the limit to pay out. However, on amounts over \$200.00, 30 months; radios and small appliances not over 1 year; soft merchandise 20% cash, and not over 5 to 6 months, with the exception of fur coats as well as expensive cloth coats at a limit of 12 months. With regard to 30 day accounts, Regulation W should stand as it is at present, not only after V-E day, but even after V-J day.

★ ★ ★

**Boston, Mass.:** Before Regulation W became effective, we occasionally sold on 90 day terms (either with or without a down payment) to good credit risks, and the probability is that we shall return to this arrangement in some instances.

★ ★ ★

**Camden, N. J.:** When Regulation W is discontinued, or modified, we should endeavor to have a general policy of deposits and terms that would be conducive to a larger extension of credit; and all credit sales should be confined to a period of one year. Electrical appliances and furniture should be in one class with a 10% deposit, floor covering 20%, clothing and jewelry 20% with a maximum period of 10 months. I would suggest no deposit on sales under \$10.00 and minimum terms, \$1.00 a week, or \$4.00 per month.

★ ★ ★

**Cleveland, Ohio:** We have charge accounts, and feel that Regulation W has been a very good thing during these times. It seems to us that these regulations could be eased up a bit after V-E day, but by no means should they be repealed entirely. There is far too much

danger of inflation already impending to warrant full repeal.

★ ★ ★

**Dallas, Texas:** Our installment business has always been a very small proportion of our total charge sales because our plan provides only for the purchase of coats, suits, furs, jewelry, and furniture priced \$50.00 or over. Before Regulation W, no down payment was required because installment accounts were only opened for those people whose credit record was beyond question. Our terms require payment within 4 months on installment purchases from \$50.00 to \$300, and 6 months on amounts over \$300.00. No material change in this plan is contemplated. We think that the entire regulation should be discontinued as soon as the supply of available consumer goods meets the consumer demand for such goods. We would like the regulation modified immediately to the extent that we would not be forced to write customers asking that they pay for small floor delivery charges or return the merchandise. We think that the itemization on the customer's statement should be sufficient notice for merchandise under \$10.00 which has been delivered without credit authorization to accounts that are frozen.

★ ★ ★

**Dallas, Tex.:** Regulation W (under the very capable direction of the Federal Reserve Bank) has been of inestimable value to practically all dealers selling durable and semi-durable goods on installment terms. While the word "regulation" is onerous to practically everyone in business, we must realize what an extreme scarcity of merchandise means when there is so much more money than merchandise. Until dealers are willing to keep their own houses in order, it seems almost imperative that some form of regulation must continue or we must expect runaway inflation. We are as anxious as anyone to see the time when regulation will be unnecessary, but we cannot visualize anything like normal conditions until the demand has been at least fairly well satisfied. It is our plan to endeavor to hold onto the benefits arising from this enforced regulation as long as possible; that is, in trying to keep away from selling terms instead of merchandise as was largely the case before the present condition was placed upon us.

★ ★ ★

**Davenport, Iowa:** The Davenport Retail Credit Association discussed installment terms recently, and the

following terms will be adopted: Appliances—10% down and 12 to 18 months on the balance. Furniture—10% down and 12 months on the balance. Rugs and Draperies—20% down and 6 to 12 months on the balance. Miscellaneous Merchandise—33⅓% down and 6 months on the balance.

★ ★ ★

**Des Moines, Iowa:** We are of the opinion that Regulation W should be continued until such time as the country has passed the period when inflation might so easily become difficult to control. It is of much greater importance to hold inflation in check rather than individual sales made by lessening credit restrictions.

★ ★ ★

**Denver, Colo.:** During the past few months we have had numerous meetings in which postwar plans were discussed. There is a feeling that installment terms should be modified, granting the customer a longer time in which to discharge his obligations, and down payments should be reduced. On the other hand, there are some firms who believe that terms should remain as they are now. Our users do not know that there will be any early change in Regulation W; that is, whether the regulation is going to be modified or entirely eliminated.

★ ★ ★

**El Paso, Texas:** No one knows when Regulation W is going to be discontinued, or what the financial condition of the country might be at that time. Under ordinary circumstances extending over a period of 38 years, credit managers or owners of different classes of business have never been compelled to invoke the aid or assistance of the government to successfully manage their businesses. I do not think that it carries a menace with it. I do not know what our future plans might be, but I believe that we are going to go back to the old system of handling credits. The question is more or less problematical under any aspects that you might give it.

★ ★ ★

**Fort Wayne, Ind.:** The present inflationary trend will, no doubt, compel the government to continue Regulation W after the war. In 1940-41 we were selling home appliances with no down payment and 3 years to pay. Our losses, under this plan, were negligible, and we made no effort to compete with the other merchants in the community who were selling under the Government E.H.F.A. Plan, which allowed the consumer to make a \$60 purchase and take 4 years to pay for it at \$1.50 per month.

★ ★ ★

**Little Rock, Ark.:** No less than 20% down payment should be secured on the sale of installment merchandise. Competition, to some extent, controls the down payment on hard merchandise, and we shall likely be governed thereby. Much good has resulted from Regulation W, but I am not for continuation of it after the war.

★ ★ ★

**Los Angeles, Calif.:** It is difficult to give any concrete answer to your questions in view of the fact that we do not know when regulations will be either discontinued or relaxed, nor do we know what the merchandise situation will be at the time the Regulation is

modified. I believe the supply and demand of merchandise is going to have a definite part in our thinking when we make our plans to sell without restrictions. I hope all of us will find it possible to confine our installment sales efforts to a reasonable basis. I would like to believe we would not be forced to take contracts for more than 18 to 24 months maximum length and with less than 15% to 20% minimum down payment. Most of the credit executives here feel the same way, however, they also believe that competition will have an effect on individual policies.

★ ★ ★

**Memphis, Tennessee:** After Regulation W is either modified, or cancelled, competition will have a bearing on credit terms. I will continue my efforts toward having our regular terms of 30 days enforced, because it is most important for the conduct of our business to maintain prompt collections.

★ ★ ★

**Memphis, Tenn.:** After Regulation W is discontinued, I am in favor of selling merchandise on contract with a reasonable down payment of not less than 10%, and terms as follows: Soft Goods, Clothing, etc., 6 to 8 months; Fur Coats and Radios, 12 months; Furniture, 12 to 18 months; Electric Refrigerators, 24 months.

★ ★ ★

**Minneapolis, Minn.:** When Regulation W has been discontinued, we plan on selling on a 15 month term, with a down payment of 15%. We trust, however, that Regulation W may be continued until V-J day. It was a fine thing, and I wish it could be continued indefinitely.

★ ★ ★

**New Haven, Conn.:** The majority of credit executives in New Haven are in favor of a modified credit regulation after the war, retaining some form of agency control.

★ ★ ★

**New York, N. Y.:** Regulation W has always been of questionable importance as an anti-inflationary factor, and the sooner it is discontinued, the quicker will credit grantors be given the latitude they need to extend credit sensibly according to their customers' needs. Competition in credit terms can be combated effectively by community credit policies, and by educating the consumer to the dangers of buying over-easy terms and inferior merchandise. With respect to charge account terms, I see no danger in reverting to the prewar practices, which granted anywhere from 30 to 90 days. Installment terms on furniture and home furnishings including radios, should be 12 months as a standard, but credit executives should be completely free to grant 15 or 18 months if the circumstances justify it. Bulk appliances sell quite successfully on an 18-month basis, although 24 months cannot be considered a dangerous extreme. Furs and other luxury items and sports equipment should carry a 6 to 8 month standard, with longer terms up to 12 months discretionary on expensive items. Diamonds and fine jewelry—up to 12 months to pay. I have always favored some form of down payment on initial purchases. It is my hope that we will do away with regimented thinking and inflexible government controls.

(To be continued next month.)



# Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent

## CREDIT CONTROL

Authorization—Problems—Slow Pay Accounts—Other Features

*The first installment of this lecture appeared in the June CREDIT WORLD. At the conclusion, on page 29, Mr. Swerdfager was explaining the various types of authorizing plans in use today. The balance of the lecture follows.*

These plans take various forms and probably the smartest one I have seen is used by a large Montreal store. This takes the form of a signal printed on all their monthly statements which signal portion is perforated and detachable. When all the statements are prepared, those accounts carrying overdue balances and which must be frozen, have the signal detached and transferred to the authorizing section. The amount of the frozen balance is noted on the authorizing records. As the days go by, and these accounts become unfrozen, these signals are removed from the authorizing record and, in this particular store, a public address system directed from the cashiers to the authorizers is used and immediate information is available. They do not even trust the transmitting of this information to the telephone and in practice it would be absolutely impossible for a customer to leave the office after paying his account and make his way to a department and make a purchase before the authorizers are in possession of this information.

I have heard it said that too much of the information given at these meetings applies only to Department stores and the larger appliance or specialty shops but I contend that this is not true. This is as good a place as any to make that point clear. Every merchant is as vitally interested in proper authorizing and proper freezing of accounts as is the Department store owner. The law pertains to the grocer or the coal dealer the same as it does to the larger stores and failure to comply with it will bring just as drastic results. Not only that, but failure to properly authorize all sales in the small stores leads to losses which are absolutely unnecessary and inexcusable. Everyone is interested in the procedures followed by the Department stores for the simple reason that they have gone further than any other line of business in simplifying office procedure and rendering the handling of accounts receivable more efficient from the opening of the account till it is paid.

This brings us to the question of how best to handle those customers to whom we must refuse further credit. The necessity to do this arises when the customer is in

the store and when she is purchasing by telephone and we have to consider both of these circumstances.

Opinion seems to be divided as to the best way to handle this rather delicate problem. Some stores leave it to the salesclerk to advise the customer that his account is, by law, frozen and that he has no more credit available to him until such time as this condition is rectified. The wisdom of this is open to question as it tends to jeopardize good will and it is neither fair to the salesclerk nor to the customer as it is certainly not the function of a salesclerk to discuss credit with a customer at any time.

Other stores ask the salesperson to put the customer on the authorizing phone to speak, either to the authorizer or a member of the Credit Department staff, preferably the supervisor. This plan has the two advantages of enabling the Credit Department to remind the customer of the store's terms (where it is felt that this is necessary) and at the same time disposing of errors which may have been made and saves the customer's time in straightening out difficulties which may arise through the return of merchandise, the posting of payments to the wrong account, or the occasional slip-up in the transfer of information from the cashier to the authorizing clerk.

Other stores, desirous of continuing the account in an open condition, prefer to have all such cases sent to the office in order that the outstanding balance may be arranged by means of conversion to an instalment account so that the charge account will be left open for current purchasing. In some stores, the telephone setup is not such that the customer can readily talk to the credit staff from the department.

In many cases, the credit manager may find it politic to pass the charge providing the amount is under the limit, and follow it up with a letter to the customer advising him that his account must be attended to before further charges can be made.

### Problem of Charge "Sends"

This leaves the problem of charge "sends" and it is universally agreed that these are best handled by mail although some stores do still use the telephone. In any event, the best results seem to be obtained by promptly dispatching a letter to the customer advising him that the merchandise selected must be held until such time as the account is brought back into liquid condition. Some stores send the merchandise out C.O.D. but this is not recommended.

*Identification of Customers:* There is no positive identification of individuals possible except fingerprinting and that hardly lends itself to credit purchasing. We might insist on them carrying their photographs and

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**G. E. SWERDFAGER**, Credit Manager,  
Murphy Gamble Limited, Ottawa, Ontario,  
delivered this lecture at a recent Retail Credit  
School in Ottawa.

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presenting them but this is also not practical. Fraudulent charges enter largely into this subject and it goes without saying that the large store stands in more danger in this regard than the smaller one. The general forms of identification in use locally would seem to be national registration certificates, automobile driver's licenses, liquor permits, etc. Of course, there are many forms of credit cards and Charga-Plates which I have previously mentioned.

Some stores require the signing of all bills and, while this is not a cure-all for the trouble and while it is often argued that the time so expended is not repaid by the results, signing of bills on charge "Take-with" is recommended for the simple reason that the signature, when trouble does arise, is often of great value in making positive identification possible. There always has been and always will be some resistance on the part of good customers in providing identification for strange salesclerks and the degree to which identification is insisted upon rests entirely upon the management of the store and the credit man's responsibility in this matter is to follow out his instructions.

**Slow-pay Accounts:** The problem here is again one of policy, the question being just how much desire there is on the part of the management to have further experience with a customer who has once proved to be delinquent and just how serious the delinquency was as well as the facts leading up to the delinquency. If an account was not seriously delinquent, or if satisfactory reasons were advanced for the delinquency, we owe it to our customers to give them at least one more chance after having explained to them the importance of promptness in meeting their obligations.

### **Always Some Slow-Pay Accounts**

If an account has once been seriously in arrears, and if drastic steps had to be taken to effect collection, it is indeed doubtful if a credit man is ever justified in running the risk of repeating the performance with the same customer. The credit manager must make up his mind that, regardless of how good a job he does in the opening of accounts, the following of credit limits and the following up of slightly delinquent accounts, he will, as time goes on, develop a percentage of overdue and chronically slow-pay accounts and the most he can hope for is to keep this percentage as low as possible. There are so many factors affecting the paying ability of customers that a percentage is bound to be delinquent at all times, and this is undoubtedly the credit man's greatest problem due to the fact that there is such a variety of reasons and because such different types of treatment have to be meted out to different people.

There are two or three special problems in connection with authorizing which deserve passing mention. These are the authorizing of special orders, authorizing of alterations and the authorizing of workroom orders and contract jobs; the reason being that in all these cases delivery is not to be immediate and the status of the customer's account may change between the time of the taking of the order and the billing of the account. In the first instance, where the price is known, the ideal way under ordinary circumstances is to bill the sale at the time that the order is taken but, as delivery may not be made for some time, and as such billing may cause an

account to be frozen under wartime conditions (which would be unfair to the customer), some device has to be found which will facilitate the handling of special orders and at the same time not tie up an account unduly. How a store will handle this problem rests with the credit manager. I might mention that a memo on the authorizing file that a special order is in process for a certain amount would be valuable information when authorizing future purchases.

The authorization of workroom orders comes under a different classification and cannot very well be billed in advance due to the fact that the amount is not always known. About the only safe plan to follow in connection with these orders is to make sure that authorization is not given to proceed with the work unless the customer's account has always been good, unless his credit record as a whole is good, and unless you have every reason to believe that it will continue to be good as authorizations for work of this kind put through on questionable accounts will inevitably result in trouble.

In conclusion, the success attained by any credit man or woman in the controlling of credit in his or her store, will be in direct proportion to the experience which he or she has had, and the advantage which he or she takes and has taken of the facilities available for the purpose, and of the information which can be gained by association with others engaged in the same work locally and at district meetings *as well as through the many worthwhile articles being published at all times in credit periodicals such as The CREDIT WORLD.* ★★★

### **New Officers for Edmonton**

At the annual meeting of the Credit Granters' Association of Edmonton, Edmonton, Canada, the following officers and directors were elected for the ensuing year: President, Harry Genser, Walk-Rite Style Shoppe, Ltd.; Vice-President, J. Judge, The T. Eaton Co. (Western), Ltd.; and Secretary-Treasurer, C. H. Williams, Credit Granters' Bureau, Ltd. Directors: J. H. A. Perry, Hayward Lumber Co., Ltd.; R. Kennedy, Loveseth Service Station, Ltd.; A. Wotherspoon, Henry Graham & Reid, Ltd.; J. D. Hughes, Traders Finance Corp., Ltd.; H. S. Millar, Greene & Millar; A. Broder, H. Kelly & Co., Ltd.; and William Clyde, Personal Loan & Finance Corp., Ltd.

### **Credit Women Organize at Toronto**

At the inaugural meeting of the Credit Women's Breakfast Club of Toronto, Toronto, Canada, the following were elected officers and committeewomen to serve through 1945, the initial year for this organization: President, Mrs. Evelyn M. Elias, Ostrander's, Ltd.; First Vice-President, Mrs. Eleanor Little, Robt. Simpson Co., Ltd.; Second Vice-President, Frances Pargeter, Moffats, Ltd.; Secretary, Lillias Tomlinson, Toronto Credits, Ltd.; and Treasurer, Margaret Maybee, Aluminum Goods, Ltd. Those elected to the Committee include: Vera G. Barratt, Birks-Ellis-Ryrie, Ltd.; Mrs. Anne Brick, Public Finance Corp., Ltd.; Mary F. Davidson, Canadian Bank of Commerce; Irene Deviney, Adams Furniture Co., Ltd.; Muriel E. Godfrey, British-American Oil Co., Ltd.; Jeannette Gould, Fairweather, Ltd.; Mrs. Roselyn Shaul, Clayton's Department Store; and Geraldine Crerar, Aluminum Goods, Ltd.



# In the News

THE RETAIL CREDIT survey for 1944 of the Federal Reserve System reveals that total sales of nearly 1,450 credit-granting department stores continued to rise last year. The annual volume was 11% larger than in 1943. Sales of credit-granting women's apparel stores, based on reports from nearly 320 outlets, were 12% larger in 1944 than in the preceding year. In the department store field, most of the increase came in the latter part of the year, when holiday shopping reached unprecedented levels. Credit sales were in somewhat larger volume than in 1943, but the greater part of the gain was attributable to the further expansion in cash purchases.

\*\*\*

GOVERNMENT estimates people want 5,800,000 mechanical refrigerators, 4,500,000 vacuum cleaners, 3,400,000 sewing machines, 5,000,000 radios, 5,100,000 electric irons, 5,800,000 washing machines. Estimates are .25% higher than a year ago.

\*\*\*

SWEEPING INCOME tax exemptions for veterans of this war have been proposed in a bill by Rep. Flood of Pennsylvania. The measure would abate taxes for every year of service, and for one year before and after. It would also grant special deductions for five years after discharge. The bill was in the form of an amendment to the Internal Revenue Code.

\*\*\*

ONE ANSWER to what the growing ranks of discharged veterans will do: the Office of Education estimates that 1,000,000, both men and women, will go to school. Another 1,000,000 want to enter or return to their own business, 850,000 want to own and operate farms.

\*\*\*

INSTALLMENT ACCOUNTS outstanding at jewelry stores showed about the customary seasonal decline during April, while those at furniture and appliance stores remained at the level of the previous month. Furniture store accounts receivable continued 2% above those of a year ago, but at jewelry stores the amount outstanding at the end of April was 2% less than on the corresponding date last year.

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TRANSPORTATION will be more heavily burdened by war traffic during the next six months than in the past half year.

\*\*\*

CIO SALARY campaign among white collar workers has been launched in several cities, supported by newspaper and radio advertising, streetcar appeals and handbills. Union surveys show that white collar workers are the largest employed group still unorganized; that the organization dollar yields a better return than in any other field.

\*\*\*

CHARGE ACCOUNTS outstanding at department stores declined 8% in April when customarily they remain near the March level. At the end of the month they were 12% higher than a year earlier. Collections on charge accounts increased 7%, and were nearly one-fifth larger than in the corresponding month last year. The average period charge accounts were outstanding was around 49 days, as compared with about 48 days in April 1944.

\*\*\*

GOVERNMENT employment offices now are placing about 100,000 World War I and World War II veterans each month: one in every 6 carries some type service-connected disability.

\*\*\*

HOME BUILDING is estimated at 250,000 or more dwelling units during the next 12 months.

DELIVERY SERVICES will continue restricted on approximately present basis until production of civilian trucks and tires equals minimum replacement needs.

\*\*\*

IT LONG has been obvious that when the time came for a cut in wartime working hours, labor would seek an hourly pay boost to prevent a reduction in take-home pay. Now comes the UAW-CIO demanding an outright revision of the Little Steel formula, with provision for 48 hours of pay for 40 hours of work. Employees who remain on a 48-hour week would be paid wage increase which would go either into war bonds or into severance pay fund.

\*\*\*

FEDERAL TAX collections in 1944 total \$42,125,986,550, an increase of \$10,201,456,234 over 1943. The bulk of last year's total came from individual and corporation income taxes. Withholding taxes brought in \$9,842,349,391, and employment taxes totaled \$1,785,165,770.

\*\*\*

TOTAL CONSUMER instalment loans outstanding at commercial banks, small loan companies, industrial banking companies, and credit unions increased slightly during April to an estimated 1,047 million dollars. Most of the rise occurred at commercial banks which showed a 1% increase over the amount outstanding a month earlier. The aggregate amount outstanding at the end of April was nearly 9% above the year-ago level.

\*\*\*

NEW DRAFT calls will continue at 100,000 a month, but will be supplied entirely by youngsters coming into the 18-year group; military discharges now equal total draft call each month.

\*\*\*

EASIER MANPOWER picture is first visible evidence of business adjustment to one-front war. War Production Board anticipates 20% military cutbacks during May, June and July will release approximately 2,500,000 workers for resumed civilian production.

\*\*\*

IF AMERICA were to meet all needs for new capital equipment in the fifteen-year period 1946-1960, including replacement deferred before and during the war, we shall have opportunities to make capital investments and outlays averaging about \$28 billion per year. These capital needs, added to the postwar demand for consumer goods and services, would be more than enough to absorb our entire productive capacity and keep our economic system operating at high levels.

\*\*\*

A BILL has been introduced in the Pennsylvania Legislature which would empower the State Department of Banking to supervise finance companies and instalment houses selling merchandise at retail on the instalment plan, to fix maximum charges, and classify the various types of retail instalment sales.

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WENDELL BERGE, Assistant Attorney General of the United States, says that if trade association members and their executives have the intelligent awareness of what is going on today in American economic life, they will be able to see their own activities with reference to the economic picture as a whole. They can then chart their course accordingly. If policies of this kind are adopted and pursued, they will find themselves treading in the same general direction as the Government and that law enforcement activity and trade association activity will proceed side by side, each functioning cooperatively as a part of American effort to keep business activity free from illegal restraints.



# Do you aspire to be a Credit Manager?

Of course, you're looking forward to "THE DAY". But, are you sure that you have the necessary background? Are you well grounded in retail credit fundamentals? Can you take a complete credit application? Do you know how to adjust accounts . . . how to collect them and still keep customers? What about your letters? Do you know how to make them human so that they will get the best results? You're not sure? Then, here's a plan that will provide the training and confidence you need!

## N. R. C. A. EXTENSION COURSES

### RETAIL CREDIT FUNDAMENTALS

Based on the textbook of the same name by Dr. Clyde Wm. Phelps, University of Chattanooga, Chattanooga, Tenn. Divided into three main sections. Shows how to open the account, then how to control it, and, finally, how to collect it. 336 pages, printed in large easy-to-read type, and substantially bound.

### STREAMLINED LETTERS

Based on the textbook of the same name by Capt. Waldo J. Marra, formerly Correspondence Director, Bank of America, San Francisco, Calif. 450 pages, waterproof binding. Tells how to plan letters and get positive results . . . how to secure eye appeal through correct letter form . . . how to write credit, collection, and adjustment letters . . . how to improve vocabulary.

### HERE'S HOW THE PLAN OPERATES:

Upon enrollment, you receive a copy of the textbook on which the course is based. Your assignment is one chapter a week. A series of questions covering each chapter are then sent weekly from the National Office. You are expected to submit your answers to

St. Louis for grading. Your work is individually corrected and constructively criticized. There is no final examination—but you are given a final grade on the basis of marks made weekly throughout the course. If you grade 70 or better, a Certificate of Proficiency—signed and sealed—is awarded you. Your employer is notified of your successful completion of the course.

*Hundreds of students have already benefited through enrollment. This is what they say about the course—*

#### RETAIL CREDIT FUNDAMENTALS:

"I have nothing but praise for this excellent course. It covers all the fundamentals which every credit granter should know."—Seymour Abramson, Credit Manager, Heyman Bros., Newark, N. J.

"It stimulated my thinking, and anything that stimulates thinking is very much worthwhile."—Jerome Blattner, Credit Manager, Blattner's, Lima, Ohio.

#### STREAMLINED LETTERS:

"One of the best returns on the market today for the money invested."—Clarence E. Wolfinger, Credit Manager, Lit Brothers, Philadelphia, Pa.

"Your course has cut my dictating time in half. In addition to the time saved, it has greatly improved my letters."—L. T. King, Credit Manager, Cosden Petroleum Corporation, Big Spring, Texas.

The price of each course is only \$5. This covers everything—the cost of the textbook, the weekly quiz and ratings, three issues of the CREDIT WORLD, and the Certificate upon successful completion. At this low price, everyone can afford to enroll. The textbooks alone retail at \$4 a copy.

Think it over. Is your future progress worth an investment

of \$5 plus a few hours of your spare time each week? Remember, two courses are available—individualized to fit your own personal requirements. Select the one you need most and enroll now. Fill out the coupon below. Mail it today. There is no better time or better way to open the door to the opportunities of the future.

### THIS COUPON MAKES IT SO EASY FOR YOU

National Retail Credit Association  
Shell Building, St. Louis 3, Mo.

I enclose check \_\_\_\_\_ money order \_\_\_\_\_ for \$5. Please register me as a student in the N. R. C. A. Extension Course in RETAIL CREDIT  
FUNDAMENTALS \_\_\_\_\_ or STREAMLINED LETTERS \_\_\_\_\_

Name \_\_\_\_\_ Occupation \_\_\_\_\_  
Address \_\_\_\_\_ Employed by \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

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# Editorial COMMENT

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## *The Credit Report And Its Relation to Sound Credit*

THE EXTENSION of retail credit is one of the most important functions of the retailer and of equal importance to financial institutions, hospitals and others engaged in the granting of consumer credit.

Regardless of the ability of your credit staff and the efficiency of the department personnel, the successful extension of credit depends upon obtaining complete information on the applicant, including:

1. Who he is.
2. What he does.
3. What he has.
4. Can he pay?
5. Does he pay?
6. Can he be made to pay?

Not only is this essential, but it is important that you have in your possession before approving the credit, a picture of the applicant's credit transactions:

1. Paying habits, and
2. Present indebtedness.

It is desirable, too, to know something of the applicant's background:

1. Whether married or single.
2. Number in family, etc., and
3. Present and previous employment.

This information, in complete form, is available only through your Credit Bureau, an important contributor to the success of your credit operation. Its consistent use will:

1. Eliminate many slow accounts, some of which eventually reach your Bad Debts ledger.
2. Reduce the expense of your credit operation, collection costs, etc.
3. Release funds that might be tied up in past due accounts, and
4. More important still, it increases sales because it is a well-known fact that prompt payment of accounts builds sales.

Look upon your Credit Bureau service as a **MUST**—a service that pays dividends in proportion to its use.

Your investment in credit reports is a profitable one and the expense incident thereto should not be questioned.

With many changes in employment occurring now—and increasing rapidly—it is doubly important that all applications be carefully checked and analyzed. It doesn't pay to guess or to take a chance.

*Full cooperation with your Credit Bureau in all its activities will make for sound credit and a better community.*

*L. Howard*

General Manager-Treasurer



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